



Individual  
Development  
Account  
(IDA)  
Program

*(Agency Name)*

Connecticut IDA Initiative Program

# Participant's Handbook



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# Welcome

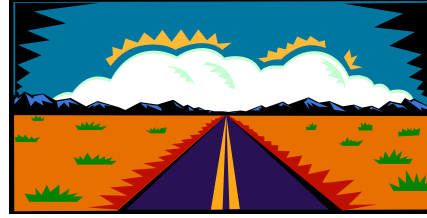
Welcome to the (*Enter agency's name*) Individual Development Account (IDA) Program! You are about to start on an exciting journey. Through your hard work and with the help of the IDA Program Staff, you will learn how to manage your family's finances, plan for the future, save for your dreams, and enter the world of asset ownership.



The first IDA Programs were started in the early 1990s. Since then, they have been rapidly gaining popularity throughout the country. Today there are hundreds of IDA programs in the United States -- and more are starting up each month. IDA programs are also operating in Canada and other countries around the world.

The IDA Program that you are a participant in is funded through the Connecticut Department of Labor. Thousands of families across the country have participated in IDA programs and many now own a home, operate their own business, continue their education or own other assets. You can do it too. Asset ownership is within your reach!

## What are IDAs?



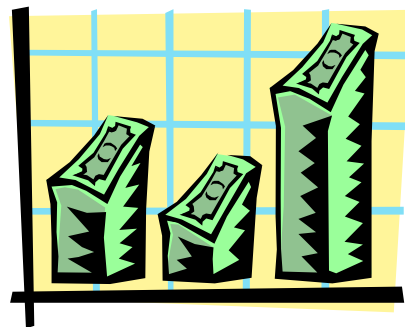
IDAs are a new asset-building strategy that helps low-income families reach and maintain self-sufficiency.

IDAs are savings accounts in which you save money that can be used for an allowable assets. Your savings are matched \$X.XX for every \$X.XX (*Insert match rate*) you save – up to a maximum of \$X,XXX (*Insert maximum match*). The program allows you up to several years to save toward your goal. Your IDA can be used for (*Enter allowable asset(s)*).

As part of the Program you will receive intensive case management to help you stick to your savings goal and deal with any problems that may arise. You will also attend classes on budgeting, credit, saving and other financial issues, and come to Savings Club meetings once a month. Here you will take part in training directly related to your asset goal.

## What are Assets and Why Are They Important?

Assets are things that increase in value over time. A home and a business, if cared for properly, will increase in value.



An education is one of the most valuable assets someone can have. People with post-high school education consistently

earn higher salaries than those who stop their education right after high school.

Owning assets is one of the best ways for low-income families to escape poverty and achieve wealth. Owning assets gives people a stake in the future – a reason to save, to dream, to invest time, effort and resources on creating a future for themselves and their children.

Asset ownership builds families and communities. Studies have shown that there are many benefits to saving, investing, and owning assets. Some benefits to individuals and families are:

- Increase in feelings of control and self-esteem
- Increase in life satisfaction
- Increase in the status of women
- Increase in children's well-being
- Increase in skills
- Marriages are more stable
- There is a positive relationship between asset ownership and physical health.

Benefits to the community include:

- Increase in local civic involvement
- Better property maintenance
- Decrease in residential mobility
- Increase in level of education
- Increase in jobs



"Assets are hope in concrete form."

Dr. Michael Sherradan  
Author, Assets and the Poor

## Program Eligibility



*(Enter Program Eligibility Requirements on this page.)*

The IDA Program Staff will determine if you are eligible for the IDA Program. You will need to fill out an Application Form and bring to your initial interview all information requested by Staff. In some cases, if there are more applicants than spaces in the Program, you might be placed on a waiting list for entry into the Program.



Once you are determined eligible and accepted into the Program, you remain in the Program, even if your income goes up and you then exceed the eligibility criteria.

# Program Requirements

There are a number of things that you, as an IDA Program Participant, are required to do in order to successfully complete the Program and receive the matching funds for your asset purchase.



## Savings Plan Agreement

Each Participant must sign a Savings Plan Agreement. The Agreement is a commitment between the Program and you. Your IDA Case Manager will work with you to develop the Agreement. You will sign the Agreement before the end of your Financial Education Classes. The Savings Plan Agreement includes the following:

- Your savings goal – You and your IDA Case Manager will work together to develop a realistic savings goal for you. It will be based on the asset you are saving for, your ability to save, and the amount of time you will be in the program. Your Plan might specify a weekly, bi-weekly, or monthly amount that must be deposited in your IDA in order for you to reach your goal.
- The asset you are saving for
- Your commitment to attend the Financial Education course
- Your commitment to attend monthly Asset-Specific Training/Savings Club meetings

## Financial Education Classes

All Participants must attend a Financial Education course. This is a very important part of the Program and you must complete the course in order to stay in the Program. Your IDA Program Staff will give you a schedule of classes. Here are some of the things you will learn in this valuable and interesting course:

- Re-establishing your Credit
- Responsible Credit Use
- Budgeting
- Personal Banking
- Home Finance
- Investing
- Financial Planning
- Taxes

## Asset-Specific Training/Savings Clubs

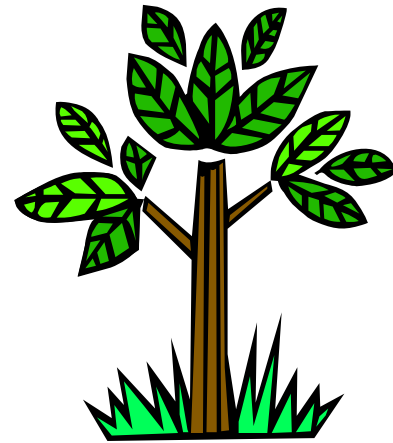
After you finish your Financial Education course you will start attending monthly Savings Clubs. At these meetings you will receive training to prepare you to purchase the asset you are saving for, and to maintain your asset after you buy it. You must attend at least 70% of the monthly Savings Clubs in order to remain in the Program.

In addition to training to help you save for and purchase your asset, other Savings Club topics might include:

- Increasing your earning potential
- Job marketability
- Handling disputes with co-workers
- Asking for a raise or a promotion
- Critical thinking skills
- Decision making
- Parenting
- Stress reduction and anger management

The Savings Clubs are also times when you can discuss concerns and issues of importance to you, and share your successes. You will attend a Savings Club meeting each month for the entire time you are in the IDA Program.

## Your Individual Development Account



After you have been in Financial Education classes for several weeks, you will open your IDA.

The IDA will be a Custodial Account. That means that the agency's name will be on the account. You will be able to deposit money into the account, but not withdraw funds without the approval of the IDA Program staff.

If you can save more than you agreed upon in your Savings Plan Agreement, you are encouraged to do so, as it will help you build toward your asset faster. However, the match limit will apply regardless of how much you save. Any extra money you save, above the amount that will be matched, must be put into your own personal savings account

You are also encouraged to put part of your Earned Income Tax Credit (EITC) into your IDA. This, too, will help you reach your goal even sooner.

You will open your IDA at *(Insert bank name)*. Your IDA Case Manager will give you the name of the contact person at the bank who will help you open your account.

## Methods of Deposit

You can make deposits into your IDA in person or by mail. If you would like to make deposits through payroll deduction, talk to your IDA Case Manager to arrange that.

## The Match Rate

You will be matched \$X.XX for every \$X.XX (*Insert match rate*) that you save, up to a maximum match of \$X,XXX (*Insert maximum match*). If you save \$X,XXX you will receive a match of \$X,XXX to purchase your asset. That means if you save \$X,XXX you will have a total of \$X,XXX for your asset (*Insert correct figures for your program*). NOTE: You cannot earn more than \$1,000 match per calendar year.

The matching funds are not put into your IDA. They are kept in a separate Reserve Fund. You will earn interest on the funds in your IDA as well as on the matching funds. When you are ready to purchase your asset, payment will be made by the agency to the person or institution from whom you are purchasing your asset.

## If You Miss A Deposit

If you miss a deposit, you must meet with your IDA Case Manager to plan how you will get back on schedule, and to discuss if you need to revise your Savings Plan Agreement.

## Emergency Withdrawals

If an emergency occurs and you think you need to withdraw money from your IDA to pay for the emergency, the first thing you must do is discuss the situation with your IDA Case

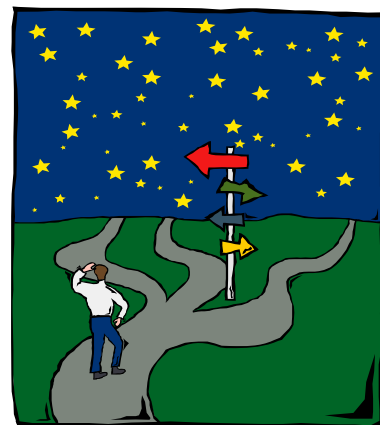
Manager. He or she will try to help you find a way to deal with the emergency without taking money from your IDA. If there is no other solution but using your IDA money, Emergency Withdrawals are allowed. There are several rules governing them:

1. Under NO circumstances can you withdraw matching funds.
2. Emergency withdrawals can only be for one of the following reasons:
  - a) To pay for medical care for you, your spouse, or your dependent(s);
  - b) To make payments to prevent eviction, or to prevent foreclosure on your principal residence;
  - c) To allow you to meet necessary living expenses (food, clothing, shelter, utilities) following the loss of employment.
3. Emergency withdrawals must be approved by the IDA Project Manager.
4. The emergency withdrawal amount must be paid back into your IDA within 12 months from the date of the withdrawal. You will work with your IDA Case Manager to revise your Savings Plan Agreement to ensure that this emergency does not keep you from reaching your savings goal.

Failure to replace the emergency withdrawal within 12 months may result in termination from the Program and loss of any matching funds that have been reserved for you. If you are terminated from the Program, you will receive the remainder of the funds in your IDA, as well as any interest earned on those funds.

## Case Management

Case Management is a very important part of the IDA Program. You will meet one-on-one with your Case Manager on a regular basis.



Your Case Manager will continue to help you throughout the whole time that you are in the Program. He or she will help you on issues of budgeting, credit and asset purchase. He or she will provide encouragement and support to help you stick to your Savings Plan, as well as provide ongoing counseling and crisis intervention, if needed. Your IDA Case Manager is a valuable resource for you. You can be sure that anything you discuss with your Case Manager will be kept confidential.

## Purchasing Your Asset

As mentioned before, you can use your IDA and your matching funds to purchase an allowable assets. No funds can be withdrawn to purchase an asset until six months after you have made your first deposit into your IDA. Written approval of both you and the IDA Program Staff is required before your money can be withdrawn.

When you are ready to purchase your asset, payment will be made by the agency to the person or institution from whom you are purchasing your asset. The payment will include your savings and the matching funds, plus interest you have earned.

## Leave of Absence

Occasionally, IDA Participants are faced with circumstances that make regular IDA savings impossible for a limited period of time. Leaves of absence are designed to give you the opportunity to weather a short-term, temporary financial crisis, regain your ability to save, and remain part of the IDA Program. As part of the Leave process, your IDA Case Manager will work with you to develop a strategy to respond to your financial crisis. All Leave requests will be approved or denied at the discretion of the IDA Project Manager.

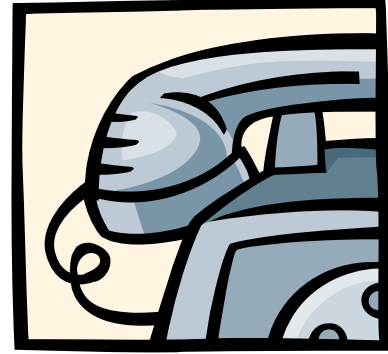
A Leave of Absence can be for as little as one calendar month or as long as 6 full calendar months. Participants who are on Leave will not accumulate match funds.

However, Participants on Leave may keep their IDAs open and may continue to make deposits. They will be expected to attend ongoing Financial Education and Savings Clubs, keep in contact with their IDA Case Manager, and will remain on the Program's mailing list.

If they meet the above requirements while on Leave, Participants may be reinstated into the Program at the discretion of the IDA Project Manager, if it is determined that they will be able to adhere to the savings requirements of the Program. Upon re-entry, the Participant will receive retroactive matching fund credit for any deposits made while on Leave.

Participants who do not qualify for re-entry into the Program will be dismissed from the Program and will forfeit any accumulated matching funds. Their IDA will be closed and any savings in their IDA, plus interest, will be returned to them.

## Contacting Your IDA Program Staff



The staff at *(Insert agency's name)* are here to help you. We want each of you to succeed in fulfilling your dreams.

If you ever have any questions or concerns, please contact us. We are normally available *(Insert business hours)*.

**IDA Project Manager**

**IDA Case Manager**

*(Insert staff persons' names and contact information.)*



***LET'S START SAVING !!!***



## Frequently-asked Questions

*Q. What is an IDA?*

A. IDAs, or Individual Development Accounts, are special matched savings accounts designed to help families and individuals of modest means establish a pattern of regular saving and, ultimately, purchase a “productive asset.”

A “productive asset” is something of value that is likely to return substantial long-term benefits to its owner – benefits like security, stability and opportunities for more income.

*Q. What is a “savings match?”*

A. A “savings match” is a promise by the agency to supplement an IDA Participant’s savings deposits at a specific rate. For every dollar that you save in your IDA, you will be matched (*Insert match rate and maximum match*). The maximum number of accounts that a family can have is two.

*Q. Who is eligible to participate?*

A. The (*Insert agency’s name*) IDA Program is open to individuals or families who meet the following criteria:

*(Insert Program Eligibility Requirements)*

*Q. What is required of IDA Participants?*

A. IDA Participants are asked to commit to:

- Make regular savings deposits (the amounts are determined on an individual basis)
- Attend Financial Education classes
- Participate in monthly Asset-Specific Savings Clubs
- Work with a Case Manager on an on-going basis

*Q. Why would anyone give away money like that?*

A. IDA savings matches are not “giveaways.” Participants earn matches by saving their own hard-earned dollars and taking other steps to prepare for the future, like attending Financial Education classes. Furthermore, providing match dollars is a way to help hard-working low-income families and individuals build a more stable and secure future. Everyone benefits when more members of a community have the tools they need, the productive assets, to provide for themselves and their families. This same thinking has been behind government initiatives like the Homestead Act of the 19<sup>th</sup> century and the G.I. Bill following World War II.

*Q. Is there more to an IDA Program than just saving matches?*

A. Absolutely! People need more than just cash to become successful asset owners. For this reason, Participants in the IDA program attend both Financial Education classes and a special on-going Asset-Specific Training Program. These workshops are designed to help Participants acquire or polish the personal and financial skills that are essential for long-term success; such as skills for long-range planning, re-establishment of credit, household budgeting and savvy consumer habits.

*Q. What about making savings withdrawals?*

A. Because IDAs are intended to help people purchase assets, withdrawals for non-asset uses are strongly discouraged. However, in certain emergency situations, program Participants may withdraw some of their savings before they are ready to purchase their chosen asset goal. Such withdrawals would not include savings matches. A Participant has to work with their Case Manager to develop a plan to replace the funds withdrawn from their IDA, and has 12 months to do so in order to remain in the program. Of course, Participants are always free to close their accounts, withdraw from the program and receive all of their savings and earned interest.

*Q. How do Participants receive match funds?*

A. Matching funds are made available to Participants when they are ready to purchase an asset. At that time, payment will be made by the agency directly to the company, institution, or individual furnishing all or part of a

Participant's asset goal (a bank or mortgage company, wholesale supplier or community college, for example).

*Q. Can a Participant save toward more than one asset at a time?*

A. A Participant can only save for one asset at a time. However, if you purchase an asset, and your maximum match has not been used, you can enter into a new Savings Plan Agreement and start to save for a second asset (providing your program allows for more than one allowable asset). The maximum amount of match for one individual, however, is \$X,XXX (*Enter maximum allowable match*). The maximum amount of match per family is \$X,XXX (*Enter maximum allowable match per family*).

*Q. What if I am unable to complete the Program?*

A. A Participant might decide to withdraw from the Program for several reasons. If a Participant is not able to continue saving or is having difficulties meeting the other requirements of the Program, the Case Manager will help the Participant identify resources or other ways to continue to meet their Program obligations. If, after counseling, the Participant decides to withdraw from the Program, the Participant will be given the money in their IDA and any interest accrued. They will not receive any matching funds.

Q. What if I have a complaint about the way the Program is operated?

A. There are specific Participant Complaint Policies and Procedures in place in the event a Participant wishes to file a formal complaint concerning a disagreement they have with the way the IDA Program is operated. You can get a copy of the Participant Complaint Policies and Procedures from your IDA Case Manager.