

What are IDAs?

Individual Development Accounts (IDAs) are special savings accounts designed to help families and individuals of modest means to establish a pattern of regular savings, and ultimately, purchase a lasting asset of value that is likely to return substantial long-term benefits to its owner. Such benefits include security, stability, and opportunities for increased income.

The three eligible assets that can be purchased with an IDA are college tuition, a first home, or small business capitalization.

What is a “savings match?”

A “savings match” is a promise to supplement an IDA participant’s savings deposits at a specific rate; in other words, a 2:1 savings match means that for every dollar participants save, they will have another 2 dollars added to their total savings at completion!

How much money will I receive?

Participants are able to save up to \$2,000 for a match of \$4,000. This means if the maximum amount is saved, the participant receives a total of \$6,000 to use for asset purchase.

What are the other eligibility requirements?

The program is open to individuals or families who meet the following criteria:

1. Resident of North Dakota.
2. Total household income that does not exceed 200% of poverty as published by the Department of Health and Human Services annually.
3. Must be employed.

Do I have to be currently employed in order to qualify for an IDA?

Yes, federal regulations clearly state that deposits made into an IDA MUST come from earned income.

Even though I qualify now, what happens if my income increases?

Once you have proven eligible and accepted into the program, eligibility is “locked in”. Participants need only be income eligible at the time of acceptance.

What do I have to do to receive the match funds?

The program has four main requirements that must be completed before participants can receive match funds:

1. Deposit at least \$25 into an IDA account each month of participation. Participants must save for at least 6 months before becoming eligible to use savings for an asset purchase. Savings periods generally last about 2 years but a savings period of up to four years is possible, if needed, to reach the goal chosen.
2. Meet regularly with an IDA case manager to set and work toward personal and financial goals.
3. Complete 10 hours of financial literacy training.
4. Complete 8 hours of specialized asset training. The type of training received depends on the participant’s savings goal.

What happens if I decide to open an account but later change my mind?

Any deposits made are owned by the participant and can be withdrawn to leave the program.

However, if leaving the program without completing the asset goal a participant loses access to any match funds. Match funds are only awarded at the completion of the asset goal and are provided directly to the vendor of the asset (for example, the mortgage company or college.)

What if I want to change my savings goal during the savings period?

Participants are able to change a savings goal if they have a reasonable amount of time to complete asset specific training for that goal and plan for the purchase. IDAs do encourage long-term planning for a specific goal, but sometimes circumstances change causing goals to change as well.

Will an IDA Account affect my benefits from other programs? Will it affect my taxes?

Not fully, an IDA opened as part of an Assets for Independence demonstration project is disregarded in determining eligibility for other means-tested programs. Match funds are NOT taxable and do NOT count toward any asset limit for assistance programs. However, the participant’s savings are counted and

taxable – but since all savings must come from earned income, these savings have already been taxed and counted as income for other programs.

Can I use my IDA funds in addition to other assistance programs?

Yes. For example, education IDAs can only be used to pay for tuition and fees, but Pell grants can be used toward a variety of living expenses, so participants are able to use IDA funds to pay for classes, freeing up Pell grant funds to use for rent and transportation. However, keep in mind that some assistance programs cannot be used in addition to other programs. For example, two federally funded home purchase assistance programs cannot be used together, but a city funded and federally funded program can. A staff member will always be available to help with these questions during the purchase process.

Do I have to buy my asset (home, business, go to school) in North Dakota?

IDA funds may be used anywhere in the state of North Dakota. NDCAP serves all 53 counties across the state.

Where are savings deposited?

Accounts are held at various financial institutions across North Dakota. Participants will open their accounts and make monthly deposits at a designated bank in their region. Accounts do not incur any service fees and do accrue a small amount of interest.

What about making savings withdrawals?

Because IDAs are intended to help people purchase productive 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. And, of course, participants are always free to close their accounts, withdraw from the program and receive all of their savings and earned interest. However, withdrawing before reaching an asset goal does forfeit all matching funds.

How do participants receive match funds?

Match funds will be made available to participants when they are ready to purchase an asset. At that time, a vendor check will be issued directly to the company, institution or individual furnishing all or a part of a participant's asset goal (a mortgage company, wholesale supplier or college, for example).

For more information about IDAs, please contact:

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