

**Michigan IDA Program
Appendix A.
Frequently Asked Questions & Answers for Program Sites**

What are the eligibility criteria?

Eligibility to the Michigan IDA Program is determined at a Program Site. At minimum, participants need to meet the criteria outlined here. Each site may develop further criteria to help them select qualified candidates to the program that are more likely to succeed. However, every IDA Participant will meet the following criteria:

Agree to save an average of \$20.00 per month based on savings from earned income.

Agree to complete financial management education classes and asset-specific training for their selected asset purchase goal (a home, business, or education).

Agree to review and, if necessary, address any credit issues that would inhibit success in purchasing the desired asset.

Agree to abide by the program's rules and responsibilities as described by program staff and in the written materials received.

- To be eligible to open an IDA account, participants must show proof of a job and earned income that falls at or below 200% of the federal poverty level (chart below), or qualify for the Earned Income Tax Credit and the net worth of the household does not exceed \$10,000.00.

January 26, 2015 – January 25 2016

Family Size	Income Level 200%	Family Size	Income Level 200%	Family Size	Income Level 200%
1	\$23,540	4	\$48,500	7	\$73,460
2	\$31,860	5	\$56,820	8	\$81,780
3	\$40,180	6	\$65,140	ea add'l	\$8,320

What does income include?

Money wages and salaries before any deductions.

Net receipts from non-farm or farm self-employed (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses).

Regular payment from Social Security Administration (gross benefits), railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veteran's payments, public assistance (including Department of Human Services Program – FIP, Supplemental Security Income – SSI and State Disability Assistance – SDA), training stipends, alimony, child support, and military family allotments.

Private pensions, government employee pensions (including military retirement pay), regular insurance or annuity payments.

Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.

Payments to Native Americans from gaming revenues (e.g., casino profit sharing).

What is excluded from calculating income?

Capital gains.

Any assets drawn down as withdrawals from a bank, the sale of property, a house, or a car.

Tax refunds, gifts, loans, lump sum inheritances, one-time insurance payments, or compensation for injury.

Non-cash benefits such as employer paid or union paid portion of health insurance or other employee fringe benefits, food or housing received in lieu of wages, the value of food and fuel produced and consumed on farms, the imputed value of rent from owner-occupied non-farm or farm housing, and federal non-cash benefit programs such as Medicare, Medicaid, food stamps (as well as cash received in lieu of food stamps), school lunches, housing and other emergency assistance.

Any portion of Social Security benefits deducted to pay Medicare premiums that will not be reimbursed.

Income earned by a child age 18 and under **and** attending school.

What period of time do I use to calculate household income?

Determine the household's actual annual income from the 12-month period preceding the date of application.

What do I use to document income?

The following documents are acceptable:

W2s or tax returns

Copies of paychecks or pay stubs

Written statements from employers

Letters or other documents from income source (e.g., Department of Human Services Agency, Social Security, VA), if dated within the last 60 days.

Unemployment Compensation Benefits check stubs.

If self-employed, accounting and other business records showing net income

Other documents the program site has reason to believe will verify the income of the household member(s).

What about people receiving TANF?

TANF recipients are IDAs for homeownership and education only. Business accounts are not TANF eligible. To be eligible for homeownership or education accounts, the household must include:

- A pregnant member; or

- A child under age 18; or
- A child age 18 who is in high school full time.

Can more than one household member participate?

Yes, but only one person per account use. For example, a mother could save for a home ownership account and her child, who will be ready for post-secondary education within 3 years, could save for an education account.

Can two people in the same family have IDA savings accounts?

Yes, but only if the account uses are different. For example, two people could not save for the same home or business.

What if someone in the family is receiving some form of public assistance?

The IDA account is disregarded as an asset for the purpose of determining eligibility to receive Department of Human Services Program, Food Stamps or State Emergency Relief assistance.

Can participants make emergency withdrawals?

Emergency withdrawals are discouraged and are not allowed within the first six months of the program. After that, an emergency withdrawal can be made with the permission of the program staff. Participants must repay their account for the full amount withdrawn within a year. Only the amount saved and any interest can be withdrawn. The match is held in a separate account and cannot be withdrawn.

What happens when participants miss a monthly deposit?

One purpose of the IDA is to establish a regular pattern of savings. If a participant fails to make a deposit for a period of three months, he or she may be dismissed from the program. The account holder's individual savings and interest may be put into a non-IDA account, or withdrawn from the bank. However, the match money will be forfeited.

For how long can participants save?

Participants typically have between 6-36 months to save.

What happens if the participant does not purchase their asset when their savings goal is met?

Participants must purchase their asset within one year after meeting their savings goals or they will forfeit the match funds.

Can a household have more than one account for homeownership?

No. Only one IDA account per household can be used toward home purchase.

Can a parent save for a child's education?

Yes, and the child does not have to be working in order to have an account. However, children do need to be at an age that will allow them to use the account for post-secondary education within 4 years (the maximum of 3 years to save and one more to use the savings plus match).

What if the participant's income goes up, or he/she becomes unemployed, after joining the program?

The IDA program certifies participant eligibility for the program at the time of application. A participant can remain in the program even if income goes up or if he/she becomes unemployed, as long as they can continue to follow the program guidelines and seek further employment.

Are there any key differences between the eligible assets?

Typical Match rates:

Homeownership: The program will match up to \$3000, based on a match ratio of 3:1 on \$1,000 of savings by an IDA participant.

Post-Secondary Education and Training: The program will match up to \$2,000, based on a match ratio of 2:1 on \$1,000 of savings by an IDA participant.

Microenterprise/Small Business: The program will match up to \$2,000, based on a match ratio of 2:1 on \$1,000 of savings by an IDA participant.

Number of accounts per household:

Home ownership: only one IDA account per household can be used toward home purchase.

Post-Secondary Education & Training: a family could have more than one account within a household for dependents within that household.

Business: only one IDA account per household can be used toward starting or expanding a business.

What are the allowable expenses for each allowable asset?

- **Homeownership:** Expenses for a first-time home purchase include down payment, any and all closing costs, and other expenses related to the transfer of property. IDA match funds may be used in conjunction with other housing assistance programs and in a manner that will facilitate the purchase of an affordable home.
- **Post-Secondary Education & Training:** Expenses for post-secondary education or job training, including community college, four-year college or university, post-college graduate, and vocation or trade school training. In addition, IDA match funds may cover associated costs such as tuition, fees, books, supplies and other equipment. Match checks will only be issued to the school.
- **Microenterprise or Small Business Start-up/Expansion:** Expenses for business-related expenditures, including but not limited to capital, plant, equipment, working capital, and inventory expenses based on a qualified business plan as approved by an IDA Program Site. The business must not contravene any law or public policy. Match checks will be written to the business entity, and all purchases must be outlined in an approved business plan.

What kinds of documentation are required to release the funds for the purchase of an asset?

In general, qualified withdrawal requests must be accompanied by detailed documentation of the planned purchase or expenditure. In particular, the following forms of documentation are necessary for each category of asset purchase:

Home purchase - a copy of a signed, dated, and witnessed purchase and sales agreement, settlement statement, mortgage approval letter, and any relevant bills (attorney, home inspector, etc.).

Business start-up - a copy of the participant's business plan (approved by IDA Program Site) and written estimates for the cost of services or products to be purchased for the business.

Business expansion or stabilization - a copy of the participant's expansion or stabilization plan (approved by the IDA Program Site) and written estimates for the cost of the services or products to be purchased for the business.

Educational expenses - documentation that the IDA participant has been accepted into an education or job training program, a written description of the program (course catalog, for example), documentation of how the participant will pay tuition expenses, and a written estimate of or bill for the educational expenses for which IDA funds will be used.