


IDAs 101

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*“Income may feed people’s
stomachs, but assets change
their heads.”*

Dr. Michael Sherraden

Assets and the Poor

WHAT IS AN IDA?

An IDA (Individual Development Account) is a matched savings/investment account held either:

- in the name of the individual participant only, or
- jointly by the individual participant and the qualified entity (grantee)
- each are subject to the control of the project operator

IDAs are established and maintained for the purpose of allowing an eligible individual to save earned income and earn matching funds in order to eventually make a qualified withdrawal (ie, asset purchase).

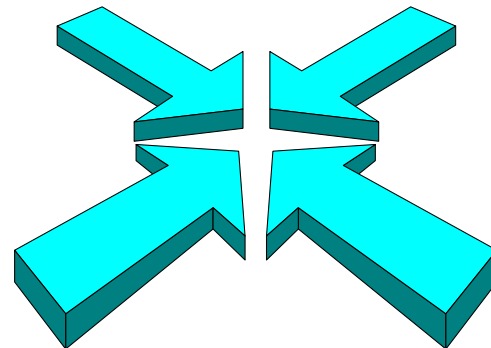
The Role of IDAs



IDAs are TOOLS. . .



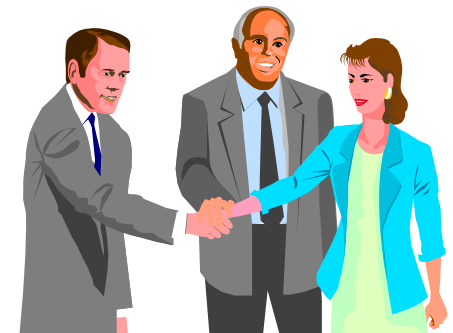
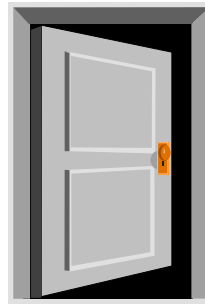
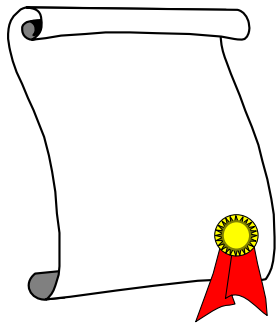
That are used in COMBINATION with other
supportive services . . .



The Role of IDAs

In order to assist families in achieving **SELF-SUFFICIENCY...**

And reaping the many benefits of **ASSET OWNERSHIP!**





The Role of IDAs

It is rare that IDAs are apart from other “services” –

They enhance the value of existing services and often create new “substance” to an existing service

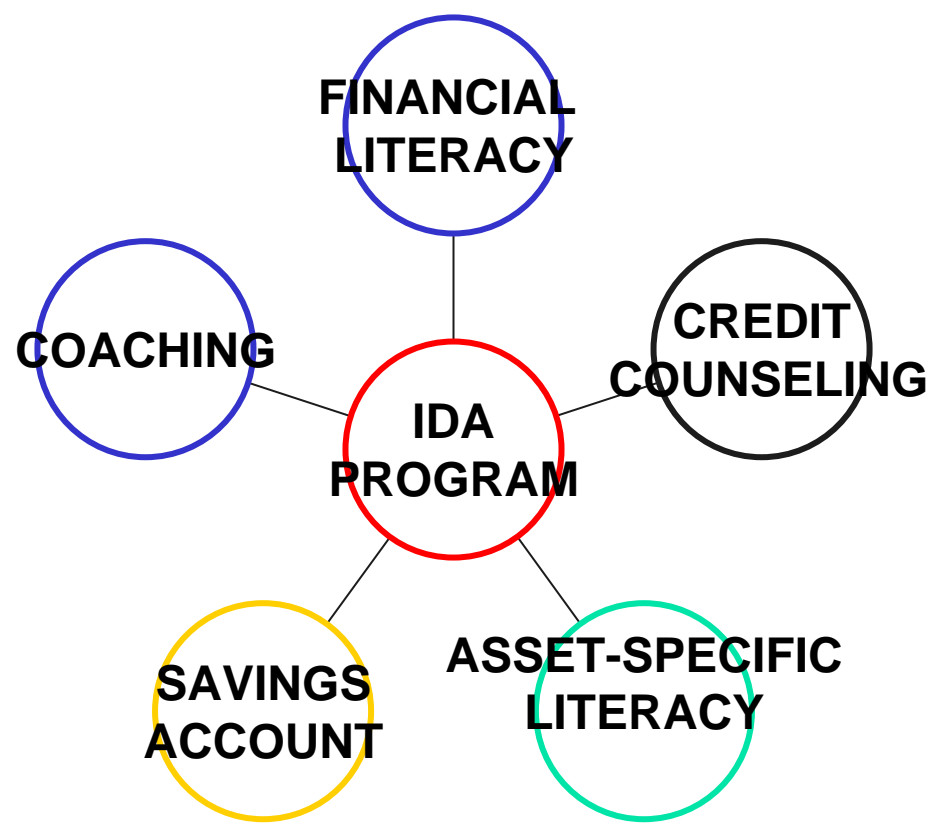


The Benefits of IDAs

- Economic self-sufficiency
- Stability in work life
- Stability of family life
 - less divorce and family dissolution
 - lesser incidence of family violence
- Create family futures
 - Children become more like their parents



IDA PROGRAM COMPONENTS





HOW DO WE BEGIN?



Keys to A Successful IDA Project

- INPUT
- INTEGRATION
- INFORMED
- INNOVATION
- INDIVIDUALIZED ASSET-SPECIFIC TRAINING





1. Become informed about the IDA field

Sources

- <http://gwbweb.wustl.edu/csd>
- www.idanetwork.org
- www.cfed.org
- www.acf.hhs.gov/assetbuilding
 - “AFI Project Builder” handbook
- www.ncidacollaborative.org





2. Make program decisions

- Are IDAs compatible with our organization's mission?
- Who will our IDA program serve?
- What type(s) of IDAs will we offer?
- Where will the actual program be located?
- When will program services be available?
- How will we recognize program completers?
- Will we have post-program contact with them?
- How will we measure how well the program is doing?



3. Develop a program budget

Funds and support will be needed for:

- Account match
- Administration & other operating expenses
- Financial literacy education
- Asset specific education
- Marketing & recruitment costs
- Other services to enhance accountholder success
- Data management & evaluation



4. Identify sources of funding

- Federal funding
- Financial Institutions
- Foundations
- Corporations / Employers
- Individuals
- Places of Worship
- Local or State Government
- Any agency or individual who benefits from a successful IDA Project





Funding Sources for IDAs and Asset Building

- AFI (Assets for Independence Act/US DHHS)
- TANF (Temporary Assistance for Needy Families)
- CDBG (Community Development Block Grant)
- CSBG (Community Services Block Grant)
- EITC (Earned Income Tax Credit) Carolinas
- NC Housing Finance Agency
- North Carolina Saves
- Other Funding
 - Foundations
 - Municipal Governments
 - Financial Institutions



5. Get community input

- Identify similar programs in the community, if any
- Identify referral sources
- Gather information about the target population
 - Current income and net worth
 - Level of interest in an IDA
 - Barriers to participation in IDA project / barriers to self-sufficiency
 - Existing relationships with your agency & other community-based organizations



6. Identify IDA program support

- Housing Programs
 - First-Time Homebuyer Assistance
 - Lease/Purchase
 - Construction / Rehab of Properties
- Microenterprise / Small Business Programs
 - Training
 - Loan Fund
- Educational / Career counseling services
- EITC Campaign / Free Tax Prep Service
- Credit Counseling Programs
- Welfare-to-Work Programs



7. Select or design financial literacy and asset-specific training

- Financial literacy curricula:
 - *Money Smart* (www.fdic.gov)
 - *Finding Paths to Prosperity* (www.cfed.org)
 - NC Cooperative Extension Service
- Asset-specific training refers to:
 - First-time homebuyer education and counseling
 - Small business development training
 - Educational counseling
- Training can be provided either through your primary agency or a partner agency



8. Select a financial partner

- A letter of agreement or MOU works well
- Your financial partner agrees to host/service the savings accounts at no cost to the accountholders (free accounts)
- Other possibilities:
 - Provide match money
 - Participate in financial literacy training
 - Provide in-kind support (class space, materials, etc.)



9. Ensure administrative capacity

- Designate program staff (internal and external)
- Design appropriate forms for data collection (www.idanetwork.org)
- Clarify funder reporting requirements
- Clarify collaborative roles and responsibilities



10. Begin Your Program!

- Recruit “eligible individuals”:
 - Household income eligibility
 - TANF-eligible, or
 - Within EITC income guidelines, or
 - Below 200% Federal Poverty Level
 - Also must meet an Asset Test
- Develop a “Savings Plan Agreement” with selected participants



Beginning Your Program

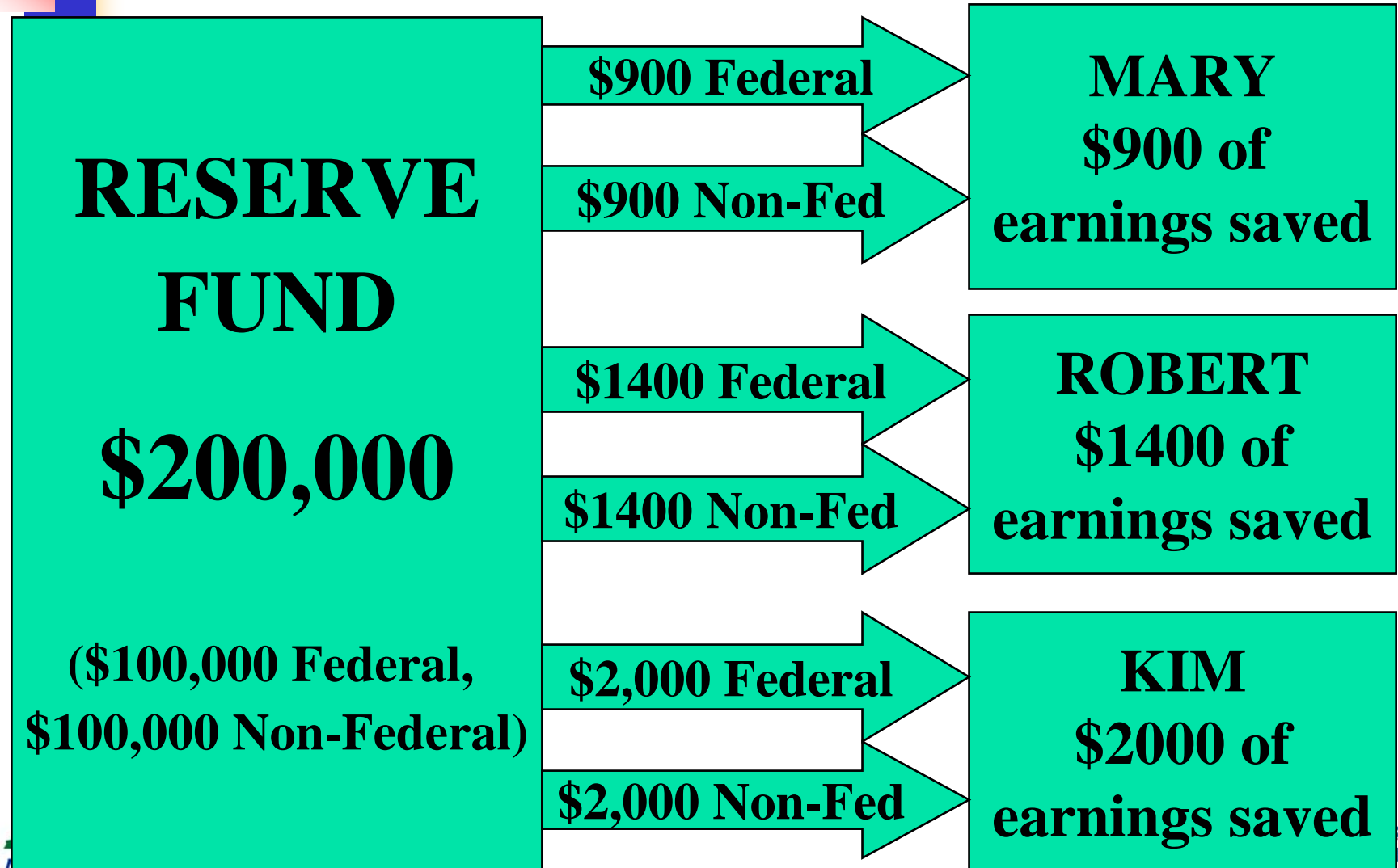
- “Savings Plan Agreement” includes:
 - ➔ Savings amount
 - ➔ Schedule of deposits
 - ➔ Asset goal
 - ➔ Match rate
 - ➔ Economic/Financial Literacy plan
 - ➔ Asset-specific training plan
 - ➔ Contingency Plans



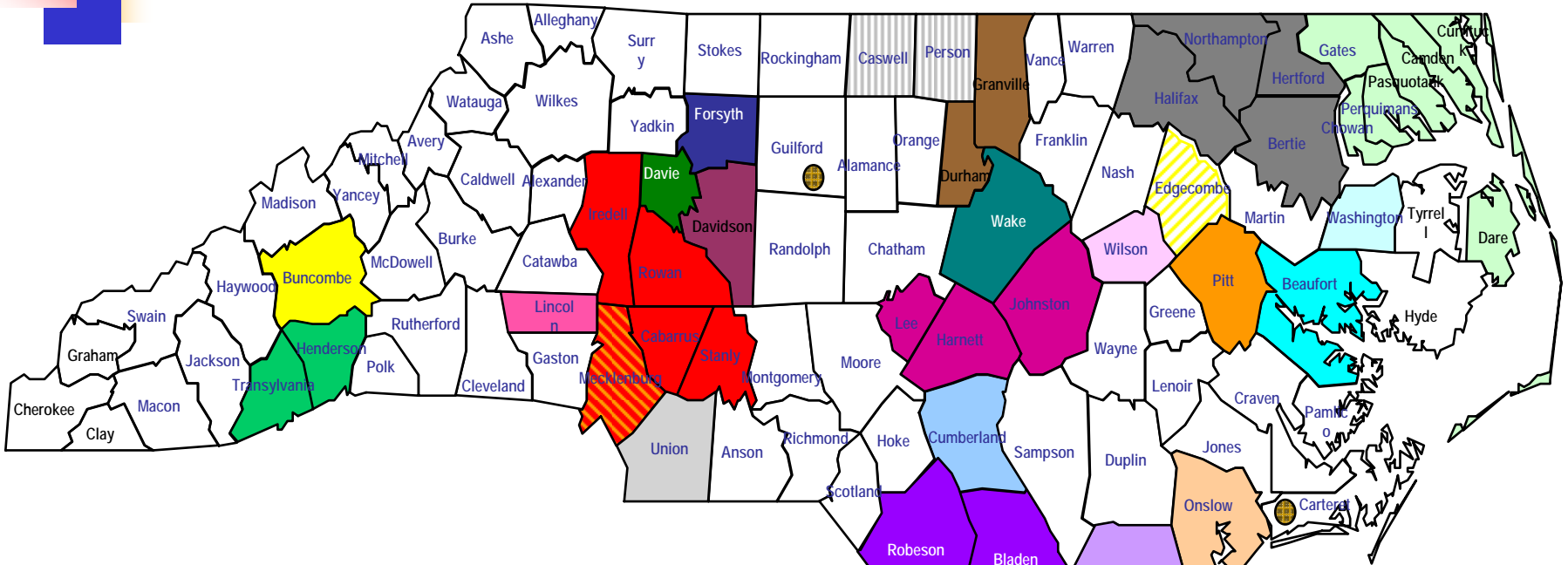
The Next Steps

1. Participants open an IDA at a Qualified Financial Institution.
2. Participants follow Savings Plan Agreement, likely involving support from more than one agency
3. When ready, participant makes “Qualified Withdrawal”
 - home purchase
 - education
 - business
 - transfer to IDA of spouse or dependent

AFI Example: \$2 to \$1 Match



NCDOL IDA PROGRAM SITES



- | | | | |
|--|--|---|---|
|  | Choanoke Area Development Association |  | Lexington Housing CDC |
|  | County of Onslow/CHIP |  | Mecklenburg County DSS and Prosperity Unlimited, Inc. |
|  | Countywide Community Development Corporation |  | Monroe-Union CDC |
|  | Davie County DSS |  | New Life CDC |
|  | Durham Regional Community Development Group |  | Northeastern Community Development Corporation |
|  | Edgecombe County DSS |  | Passage Home, Inc. |
|  | Experiment in Self-Reliance (City of Winston-Salem) |  | Piedmont Community College |
|  | Forsyth County Department of Housing |  | Prosperity Unlimited, Inc. |
|  | Gaston Community Action, Inc. |  | Southeastern Community College |
|  | Housing Auth City of Asheville & Eagle Market Streets Development Corp |  | Washington Housing Incorporated |
|  | Housing Auth City of Greenville |  | Western Carolina Community Action |
|  | Johnston-Lee-Harnett Community Action |  | Wilmington Housing Authority |
|  | Kingdoms CDC |  | Wilson Community Improvement Association |
|  | NCDOL Seed Sites |  | |



IDA Program

Community Partners

- Community Development Corps.
- Community Action Agencies
- Depts. of Social Services
- Public Housing Authorities
- Community Colleges
- Financial Institutions
- Cooperative Extension
- Consumer Credit Counseling
- Community Colleges
- Municipal Government
- Joblink Centers



North Carolina IDA Resource

IDA and Asset-Building Collaborative
of North Carolina

Shayna Simpson-Hall

(919) 875-3685

sshall@ncidacollaborative.org



*“Once you get into a house, your
dreams never stop.”*

IDA Program Homeowner
Beaufort County



Questions...

