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IDA Program Information

IDA Participants Frequently Asked Questions (FAQs)

1. Q. What is an IDA?

A. IDA stands for Individual Development Account. It is a special savings account for people with low income. Participants who save in an IDA will set a savings goal and reach it by saving money each month. The money saved will be matched with donations. This means that participants can receive another dollar for every dollar saved in an IDA. Once an individual's savings goal is reached, an amount equal to one times the amount saved will be deposited into the savings account (for instance, if \$1,000 is saved, another \$1,000 will be added to the account. The total savings is \$2,000). IDA savings and matched funds can only be used to purchase a house, pay for education or start a small business.

2. Q. How do IDAs work?

A. After signing up for an IDA program, each participant will complete online financial education classes **before** making their first deposit. The program sponsor handles all transactions to and from the IDA. IDA participants receive a report at least every quarter (3 months) telling them how much money (individual savings + match) is accumulating in their IDA. An IDA program can be as short as six months or as long as three years from beginning to end. IDA participants can withdraw money as soon as they have reached their savings goal, but they must first get approval from the IDA program sponsor.

3. Q. Can I use my savings anytime or in any way that I want?

A. Savings can be used for three things:

- 1) Down payment on a house;
- 2) Educational expenses (college, vocational, technical or career training school tuition, fees, books & supplies);
- 3) Expenses related to starting your own business

4. Q. How long can I take to reach my savings goal?

A. You can take up to 3 years to reach your savings goal. This time can be reduced by larger savings deposits such as depositing all or part of your income tax refund, earnings from overtime, or other additional income from acceptable sources. Missing a monthly savings deposit without a worthy cause can cause the participant to be terminated from the IDA savings program.

5. Q. Can anybody who wants to save participate?

A. --**Low Income.** Participants must be **either**: 1) eligible for TANF **or** 2) have a household income that meets Federal poverty guidelines (guidelines are enclosed)

--**Net Worth.** Participants must have less than \$10,000 net worth at the end of December in the year prior to application (If you own a car, home and/or savings with a total value of \$10,000 or more, you do not qualify for the IDA program)

--**Credit History:** Debt from credit cards and loans makes it difficult to save. You might not qualify for an IDA if you have a lot of debt or poor credit. The program sponsor, Zion Hill CDC, (ZH CDC) may ask you to visit a credit-counseling center before starting the IDA program.

6. Q. Can I save money in my existing bank account or any bank I choose?

A. Participants' savings will be held in a ZH CDC account. This is the only account participants can use. The IDA account will be separate from any existing accounts that the participant already has.

- 7. Q. My credit is bad, and I really don't know a lot about banks, credit, money management, college tuition, starting a business and buying a home. Will somebody help me learn about these?**
- A. Participants must complete eleven online workshops on money and credit management **before** opening an IDA savings account. Participants will request a credit report and begin working to improve their credit score if needed. Participants will receive one-on-one assistance with college or vocational-technical school admissions, business start-up or buying a home depending on how the savings will be spent. Missing the workshops can prevent participants from participating in the IDA savings program.
- 8. Q. Will I lose my money if for some reason I cannot complete my savings goal?**
- A. All money deposited by participant will be returned to participant if the savings goal is not completed. Participants will lose any matched amounts applied to their account.
- 9. Q. Is an IDA right for me?**
- A. This is a question that you and the IDA Coordinator will be able to answer together. If you live in a low-income household and would like to own a home, further your education or start a small business, then opening an IDA could be the best way for you to reach your goal. But, if you are paying off a loan or have a lot of credit card debt, you may not be ready for an IDA. Each person and situation are different, so take time to ask questions and learn as much as you can about IDAs.

SAVINGS PLAN AGREEMENT
Between Zion Hill Community Development Corporation IDA Program and

Participant's name

The IDA Participant understands and agrees that:

1. The IDA Program is designed to assist the participant in achieving greater economic success through training, savings, and matching funds.
 2. The participant shall open an IDA savings account with ZION HILL CDC (ZHCDC).
 3. The participant shall make a monthly deposit into the IDA account from his/her earned income with the minimum deposit allowed being \$25.00. If no deposit is made within one month, the participant must consult with the **IDA Coordinator** to adjust her/his savings plan. If the participant is delinquent several times s/he may be terminated from the program.
 4. **ZHCDC IDA** will match, in its own account, the participant's savings at a rate of \$1 in match money for every \$1 saved in the IDA.
 5. The participant must be in this program for a minimum of six months and a maximum of three years, allowing for a maximum matched savings limit of \$1,000. Additional savings above the limit are encouraged, but not matched.
 6. After a minimum of 6 months from the date of opening an IDA account, consultation with the **IDA Coordinator** and successful completion of the program, a participant in good standing may withdraw his/her savings and use matching contributions for the following qualifying expenses:
 - a. Down payment for home purchase;
 - b. Post-secondary or industry-related vocational education;
 - c. Industry-related business start-up.
 7. **ZHCDC** shall have full discretion to decide what constitutes "qualified expenses" (Asset Purchase) and how the savings and matching contributions shall be disbursed in paying for the qualified expense.
 8. The participant is required to complete **ZHCDC** provided financial literacy and credit counseling courses. Any missed classes must be made up within 2 months. Failure to do so will be grounds for termination from the program.
 9. Withdrawals for purposes other than paying for the Qualified Expenses (Asset Purchase) are not allowed. However, in the event of an emergency, withdrawals may be permitted for certain situations. Such emergency withdrawals from the IDA savings account require the approval of the **IDA Coordinator** and the **ZHCDC Executive Director** and will be permitted no earlier than six months after the initial deposit by the participant and only for the following:
 - a. Medical expenses
 - b. Payments necessary to prevent eviction
 - c. Necessary living expenses following loss of employment
- No matching contributions will be made until the withdrawn amount has been fully repaid. If the withdrawal amount is not paid within 12 months, the participant will not be permitted to continue in the program.
10. The participant may designate a beneficiary to receive his/her IDA in the event of the participant's death prior to successful completion of the program. To the extent allowed by law, the designated beneficiary will be entitled to the deceased participant's savings. Moreover, if the beneficiary qualifies for participation in the IDA program at that time, then she/he will be eligible to complete the requirements of the IDA program and receive the deceased participant's matching contributions.
 11. The participant shall be free at any time, after consultation with the **IDA Coordinator** to terminate participation in the program and will be able to withdraw his/her savings.

12. If the participant's participation in the program is terminated, he or she will become ineligible to receive any matching contributions.
13. During the program, the participant is encouraged to address any credit problems he/she has that will affect his/her success in achieving the asset goal.
14. **ZHCDC** staff/outside consultants may review information regarding each participant for program evaluation purposes. *All information provided for this evaluation will be confidential and participants' names will never be used in any reports or summaries originating from this evaluation without prior written consent.*
15. The participant shall participate in evaluation activities, which may include completing surveys, participating in focus groups and/or one-on-one interviews.
16. The participant shall notify the **IDA Coordinator** before making emergency withdrawals, not completing an online workshop or missing a monthly savings deposit.
17. **ZHCDC** reserves the right to change IDA Program rules and policies during the term of this letter of agreement. Written notification of any changes will be provided to participants prior to its taking effect.
18. In the event of any inconsistencies between provisions herein and applicable Federal, State, or local law, this Agreement shall be construed to omit the provisions herein that are inconsistent with applicable law and to substitute in their place the relevant provisions of applicable law.

ZHCDC agrees:

1. To allocate \$1 in matching funds for every \$1 a participant saves up to \$1,000.
2. To provide account holders with quarterly statements of savings and accrued matching contributions.
3. To coordinate and provide a financial literacy program and additional support services for the participant to enhance the participant's savings efforts and to further progress toward asset goals.
4. To work with the participants so that program elements do not in themselves discourage participation in the program.
5. To work with participants to ensure that their savings timeline and plan are feasible and contain reasonable goals.
6. To work with participants at their request to address any barriers to completing all the requirements for eligibility in the program, including assisting them to find other resources for emergencies in lieu of making a withdrawal from the IDA.
7. To assist participants in finding appropriate training to prepare them for their specific asset goals.
8. To make IDA funds and any interest earned thereon and matching funds available for the participant at the time of asset purchase. *Funds will be disbursed directly to the asset vendor (i.e. realtor, an educational institution or business supplier).*
9. To work with participants for up to one year after program completion, providing counseling and referrals to provide support for participants as they strive to maintain their goals for success.

I understand the terms and conditions set forth above for participating in the **ZHCDC** Individual Development Account Program.

Participant Signature

Date

**Independent Development Account (IDA)
Application for Participation**



Zion Hill Community Development Corporation will receive funds to match money that you save to purchase an approved asset (home ownership, college or vocational school expense or to start a business). Every \$1 saved will be matched by \$1. Because of this sizable dollar investment, the following agreement indicating program requirements, terms and conditions must be executed. Your signature on this agreement indicates that you have read, understand and agree to the Terms and Conditions contained herein. Please complete all sections and use ink to type or print all answers.

Home Ownership _____ Start a Business _____ Education _____

Assets & Liabilities

Do you or a member of your household: Circle One

Own a vehicle?.....	Yes	No	If yes, value of vehicle:	\$ _____
			Loan amount on vehicle:	\$ _____
Own a home?.....	Yes	No	If yes, market value of home:	\$ _____
			Mortgage amount on home:	\$ _____
Own a business?	Yes	No	If yes, value of business:	\$ _____
			Loan amount for business:	\$ _____
Own residential, rental property.....	Yes	No	If yes, value of property:	\$ _____
or land?.....	Yes	No	Loan amount for property:	\$ _____
Own stocks, bonds, a 401k, or other investments?.....	Yes	No	If yes, value of investment:	\$ _____
Have a checking account?.....	Yes	No	If yes, amount in account:	\$ _____
Have a savings account (other than an an IDA?.....	Yes	No	If yes, amount in account:	\$ _____
Owe money to friends or family?.....	Yes	No	If yes, amount owed:	\$ _____
Have past due household bills?.....	Yes	No	If yes, amount past due:	\$ _____
Owe a balance on one or more credit card(s)?.....	Yes	No	If yes, amount owed:	\$ _____
Have outstanding student loans?.....	Yes	No	If yes, amount owed:	\$ _____
Have outstanding medical bills?.....	Yes	No	If yes, amount owed:	\$ _____
Have health insurance.....	Yes	No		
Have life insurance.....	Yes	No		

Applicant Personal Statement

Please explain why you are interested in participating in the IDA program. How will it help you with the asset you are interested in purchasing with your IDA savings?

I hereby certify that all the statements made above are accurate and true.

Participant Signature

Date

Program Manager

Date

Savings Plan

Projected monthly savings: _____ Proposed qualified expense (asset purchase): _____

Office Use Only:

Date Application Processed	___/___/___	Staff Member	_____	Accepted	Denied
Date of Money Smarts completion	_____				
Date of Opening Deposit	_____				
Date of Completion	_____				

Check made payable to _____

Check # _____ Amount \$ _____

Check # _____ Amount \$ _____

Check # _____ Amount \$ _____

2017 Federal Poverty Level Guidelines:

48 Border States and D.C.

(For households with more than 8 persons, add \$4,180 for each additional person.)

Persons in Household	2017 Federal Poverty Level
1	\$12,060
2	\$16,240
3	\$20,420
4	\$24,600
5	\$28,780
6	\$32,960
7	\$37,140
8	\$41,320