



The Greater Lowell IDA Collaborative

Frequently Asked Questions

What is an IDA?

An IDA is a new asset-building strategy that helps low-income families reach and maintain self-sufficiency.

An IDA is a savings account in which you save money that can be used for one of several allowable assets. Your savings are matched \$3.00 for every \$1.00 you save-up to a maximum of \$4000.00. (for the state grant). The program allows you several years to save toward your goal. Your IDA can be used for a first home, to start a small business or to attend higher education. (for the state grant, funds can only be used to purchase a home)

As part of the program you will receive intensive case management to help you stick to your savings goals and deal with any problems that may arise. You will also attend classes on budgeting, credit, saving and other financial issues, and attend Savings Club meetings once a month. Here you will take part in training directly related to your goal of home ownership, starting your own business, or continuing your education.

How do I know if I am eligible?

Program Eligibility Criteria

To be eligible for the Greater Lowell IDA Collaborative Program you must meet the following criteria:

- You must be working
- You must be a member of a household that is eligible for assistance under the State Temporary Assistance for Needy Families Program (TANF)
- You must be a member of a household whose adjusted gross income is within 200% of the Federal Poverty Income Guidelines.

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Or

- You must be a member of a household eligible for the Earned Income Tax Credit (EITC). To receive the EITC, your household's adjusted gross income must be less than:

1. An individual cannot exceed gross income of \$20,420.00
2. A family of two cannot exceed a gross income of \$27,380.00
3. A family of three cannot exceed a gross income of \$34,340.00
4. A family of four cannot exceed a gross income of \$41,300.00

In addition, the net worth of your household, as of the end of the last calendar year, cannot exceed \$10,000. (This does not include primary dwelling and one vehicle owned by a member of the household)

Net worth of a household is calculated by subtracting the obligations or debts of any member of the household from the market value of all assets (excluding a primary dwelling and one vehicle) that are owned in whole or in part by any member of the household.

A household is defined as "...all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals."

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 all information requested by the staff to your initial interview. 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.

What is a "savings match?"

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 \$3 dollars. For homeownership, individuals will be required to save \$2000. A 3:1 match it will yield \$8000.00 in savings towards a purchase of a home. For those interested in going back to school or starting a business, clients will be required to save \$1200. A 3:1 match will yield a total of \$4800.00 in savings for continuing education or starting a business.

The maximum number of accounts that a family can have is two.

How long do I have to save for my asset?

For those interested in homeownership, there will be a three year period for saving. For those wanting to go back to school or to start a business there is a two year period for saving.

Will someone saving for a post-secondary education or a business receive the same funding?

No. Homeownership will receive more funding because it takes much more money to purchase a home. If someone is interested in a post-secondary education or starting a business, they will be required to save \$50.00 per month for 24 months for a total savings of \$1200.00. This will be matched 3;1 for a final savings of \$4800.00.

What is required of IDA participants?

IDA participants are asked to commit to:

- o Make regular savings deposits (the amounts are determined on an individual basis)
- o Attend an 7-week Financial Literacy Academy
- o Participate in monthly Savings Club meetings
- o Work with a case manager on an on-going basis
- o Take part in the First Time Home Buyers Program (if choosing to purchase a home)

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

Absolutely! People need more than just cash to become successful homeowners, entrepreneurs, or college or vocational school students. For this reason, participants in the IDA program attend both Financial Literacy classes and a special on-going Savings Club program. These workshops are designed to help participants acquire or polish the personal and financial skills that are essential for long-term success; such long-range planning, re-establishment of credit, household budgeting and savvy consumer habits.

How do participants receive match funds?

Matching funds are made available to participants when they are ready to purchase an asset. At that time, a check will be issued 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.)

What about making savings withdrawals?

Because IDA's 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. And, of course, participants are always free to close their accounts, withdraw from the program and receive all of their savings and earned interest.

What if I am unable to complete the program?

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 earned. They will not receive any matching funds.

How can I find out more information about starting the Financial Literacy and IDA programs?

Please contact Chris Santos-Gordon at 978-654-5080 ext. 23 for more information about the program.

New Strategies for Ending Poverty