

**Mile High United Way  
Assets for Family Success**

# **Individual Development Account**

**Participant Handbook**

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Please keep this handbook. It will be useful if you have questions or concerns about the Mile High United Way IDA program. *Assets for Family Success* is a Mile High United Way initiative that is co-administered by partnering organizations.

## Introduction

Congratulations on becoming a participant of Denver's Individual Development Account (IDA) Program. You are taking the first steps toward gaining assets. The money you deposit into your savings account will be matched by Mile High United Way (MHUW). The money for the matching funds comes from two sources. The first portion of the money is raised in the community by MHUW and its partners. The second source of funding is from the Assets for Independence Act (AFIA), a federal grant. MHUW has assisted individuals in obtaining IDAs since 1999. During that time, hundreds of individuals have become homeowners, opened or expanded a business, or entered into post secondary education.

## Overview of Your Enrollment

The IDA program follows a specific timeline, and although your experience may differ slightly from other participants, there are certain things that are uniform for all participants. In order to give you a clear understanding of the IDA process, we have put together a timeline to identify some of the major events that will occur and the sequence of those events. Each event has a brief description; however, this handbook is only to be used as a guide. Your case manager will discuss in further detail the actions you need to take and any other pertinent information. However, it is your responsibility to understand your unique plan and ask questions when they arise.

- I. **Orientation:** Applicant orientations are conducted to provide an opportunity for potential applicants to learn about the program and decide if the program is right for them. All application materials will be handed out at this time.
- II. **Enrollment:** Interested applicants turn in their application to their case manager. The case manager will help you to contact a housing counselor, business counselor, or academic advisor to help you determine if your asset goal is reasonable, and assist you to take steps now so that you can be successful once you finish saving. During this time IDA program staff reviews the application and determines your eligibility.
- III. **Financial Education Classes:** The classes range from 6-12 hours. You will learn to manage money, set goals, manage credit and understand the value of financial planning. This training must begin before opening your account, and must be completed prior to receiving matching funds. You are asked to verify completion by providing a certificate or signed note from the instructor to your case manager.
- IV. **Open the Account:** Upon approval of the application, you will receive an enrollment letter outlining the requirements of the program and directing you to a bank to open your IDA.

- V. **Save Monthly:** You are required to make a minimum monthly deposit for at least six months before you can have access to matching funds. You are encouraged to set up direct deposit with your employers or bank if possible. Direct deposit is a program that automatically withdraws a certain amount of money from your paycheck and deposits the money into your IDA.
- VI. **Asset-Specific Counseling:** Asset specific counseling is provided by community partners that specialize in homeownership or small business development. If education is the goal, meeting with your advisor to plan out your educational path fulfills this requirement. You must also complete this training before receiving matching funds. You are asked to verify completion by providing a certificate or signed note from the instructor to your case manager.
- VII. **Preparing to Buy an Asset:** Once you have completed the financial education course, the asset specific counseling, and been in the program at least six months, you are ready to access your matching funds. You may use the funds only for pre-approved expenses associated with your savings goal.
- VIII. **Asset Purchase:** To receive matching funds, you will be required to attain an accurate estimate from the vendor from which you plan to purchase your asset (be sure tax is included). After obtaining an estimate, you should contact your case manager. He/she may require you to attain more than one estimate to assure the vendor's price is reasonable. After the case manager submits the appropriate paperwork to MHUW, a check will be prepared for the vendor. You may request for the check to be picked up to take it to the vendor, or be mailed directly to the vendor.
- IX. **Exit Interview:** After you have spent the maximum amount of your available match, your case manager will contact you to complete an exit interview. At this time, you are no longer enrolled in the IDA program. Any funds remaining in your account will be mailed directly to you.
- X. **Follow-Up:** An individual from Mile High United Way or one of its partners may contact you after you have successfully completed the program, to follow up on your progress. If you move or change your phone number, it is important to notify your case manager, so he/she has current contact information.

## Program Requirements

Each month you are required to make a minimum deposit into your IDA account. This minimum amount will vary for each individual. You and your case manager will determine a planned savings amount that is based on your savings goal, savings period, and financial circumstances. However, once this amount is determined, you must deposit that amount monthly in order to remain in the program. **You may only miss three deposits per twelve (12) months or you will be exited from the program.**

Upon opening your account, you will receive a savings account kit that includes a card, savings register, and deposit slips. Carry the card along with other personal identification information like your drivers' license and credit cards. Refer to the card for your account number when making deposits. **DO NOT CONTACT THE BANK FOR YOUR ACCOUNT NUMBER.** This information is included in the savings kit and it is your responsibility to keep track of the card. **DO NOT CONTACT THE BANK FOR YOUR BALANCE.** It is your responsibility to keep track of deposit slips to be able to verify your balance. Please use the generic deposit slips available at all bank branches to make a deposit. **DO NOT ORDER PERSONALIZED DEPOSIT SLIPS.** This is an unnecessary expense that will be added to your account.

Keep your register and deposit slips in a safe place. Your register and deposit slips provide proof of your deposit and balance. Each month you make a deposit, put your receipt in a safe place. Mile High United Way (MHUW) will mail you a copy of your monthly statement, showing your savings and the match dollars that are accumulating.

Your assigned case manager is your first point of contact for the IDA program. Contact your case manager for the following reasons:

- If you change your address or phone number;
- If you are having problems making the minimum monthly deposit;
- If you are having problems making the planned savings deposit;
- If you have questions about the financial education requirement;
- If you have questions about the asset-specific counseling;
- If you wish to be advised about a purchase you want to make;
- If you wish to use match funding to make a purchase;
- If you must make an emergency withdrawal (**from your funds only**);
- If you wish to exit from the program;
- If you have questions, concerns or need additional information regarding your IDA account.

## Accessing Funds

MHUW is the custodian of your IDA account. This means you do not have direct access to the funds within your account. If you want to make a purchase or an emergency withdrawal, you must contact your case manager. **DO NOT REQUEST FUNDS FROM THE BANK. YOU WILL NOT BE ABLE TO MAKE WITHDRAWALS DIRECTLY FROM THE BANK.** The case manager will fill out the paperwork for the emergency withdrawal or determine if you meet the appropriate requirements to use the matching funds deposited in your account. He or she must complete the paperwork for submission to MHUW. MHUW will issue the requested funds directly to the vendor. The check will be available 3-10 working days after your case manager submits the appropriate paperwork to MHUW.

Requirements to receive match savings:

- You must be enrolled in the program for at least six (6) months before requesting funds.
- You must complete the financial education before requesting funds. For a list of financial education courses, see page 12.
- You must complete the asset-specific counseling before requesting funds. For a referral to a service provider for asset-specific counseling, see your case manager.
- You must have turned in the appropriate invoice.

## Intended Use Change

Participants have the option of changing their intended use within the first 2/3 of their savings period (e.g. If a participant has 24 months to save they are able to change their intended use during the first 16 months of their participation). If a participant decides they want to change their intended use during the last 1/3 of their participation time, they must have and show proof of an extenuating circumstance that prevents them from being able to purchase towards their current intended use. Some examples include, but are not limited to:

- ✓ Decline or loss of income (in the last 1/3 of the savings period) resulting in inability to purchase a home.
- ✓ A medical emergency or disability (in the last 1/3 of the savings period) resulting in inability to purchase a home or business.

Each case will be looked at separately, to determine whether the participant is eligible for an intended use change. Additionally, if a participant is approved to change their intended use, their savings end date remains the same despite the change.

## Leave of Absence

The IDA program will allow for a leave of absence up to two months. You may take a leave of absence if the following occur.

1. A loss of job which results in the inability to save.
2. A family emergency that may prohibit you from saving; such as loss of a spouse or other family member.
3. A medical emergency that keeps you from saving. This may include extended hospital visits, surgeries, sickness or injury.
4. Additionally, you may qualify for a leave of absence if another situation has arisen that prevents you from saving, if it is approved by the case manager.

All leave of absences must be approved by the case manager. In order to qualify for a leave of absence, you must:

1. Obtain a leave of absence form from the case manager.
2. Complete the form and submit it to your case manager for approval.

Upon approval, you will not be required to save during your leave of absence, nor are you able to make purchases. The case manager reserves the right to approve leave of absences at his/her discretion. When you complete the Leave of Absence agreement you are required to comply with the provisions within that agreement. **In order to avoid any missed deposits, notify your case manager immediately if you need to take a leave of absence. If after your time has expired you are not able to save, you will still be held to the provision that participants must have no more than 3 missed deposits in twelve (12) months.**

## Emergency Withdrawal

Emergency withdrawals are unmatched withdrawals from your funds to be used for basic needs such as:

- ✓ Expenses for medical care or necessary to obtain medical care for you, your spouse or your dependants.
- ✓ Payments necessary to prevent an eviction from your rental or foreclosure on your home.
- ✓ Payments necessary to enable you to meet the necessary living expenses (ie food, shelter, utilities or heating fuel) following the loss of employment.

Participants are limited to **ONE** emergency withdrawal per 12 months. In order for you to withdraw your money, your case manager must approve the withdrawal and submit an Emergency Request to MHUW. You may not withdraw funds from your IDA earlier than six months after the date of your first deposit. If funds are withdrawn during the first six months, you will be exited from the program. However, if you are granted an emergency withdrawal, you have up to 12 months to reimburse the account. If you fail to reimburse the account within that time period, you will be exited from the program. If you request an emergency withdrawal, Mile High United Way will issue funds within 4 working days.

## **Re-Entry Guidelines**

IDA program participants who are terminated from the program for missed deposits or other reasons may be eligible to apply for re-entry after 90 days from the date of exit. Applicants will be required to re-qualify at the time of intake and it is mandatory that a participant completes all program requirements (i.e. financial literacy, asset specific counseling, etc.) regardless of whether or not they were completed during the applicant's previous savings period. However, re-admission is not guaranteed. Applicants re-entering the program may be placed on a waiting list for the IDA program. An applicant may also re-enter the program after a successful asset purchase pursuant to the 90 day waiting period mentioned above. All applicants are barred from participating in the IDA Program more than two times.

## **Grievance Procedures**

All IDA program participants and applicants have the right to file a grievance against the Mile High United Way sponsors or IDA program staff in order to meaningfully communicate problems, dissatisfaction or concerns about unfair treatment. In order to take such action, the individual must deliver a written complaint to:

**Barclay Jones, Vice President  
Assets for Family Success  
Mile High United Way  
2505 18<sup>th</sup> Street  
Denver, Co 80211**

The vice president shall respond within ten working days of receiving the complaint. If the issue has not been resolved within the next 30 days, the participant may submit the grievance to:

**Mike Durkin, President  
Mile High United Way  
2505 18<sup>th</sup> Street  
Denver, Co 80211**

## Individual Development Account Questions and Answers

### 1. What are Individual Development Accounts (IDAs)?

Individual Development Accounts, commonly referred to as IDAs, are specially designed savings accounts matched by public and private sources for asset development, such as first-time homeownership, post-high school education, and business capitalization.

### 2. Where are the accounts held?

The accounts are held at participating financial institutions such as Wells Fargo and Denver Community Federal Credit Union.

### 3. Who administers this program?

The IDA program is a collaborative effort of Mile High United Way and other community partners. The program has been in existence since 1999 and has served hundreds of Colorado families.

### 4. What do I have to do to receive the matching funds?

The IDA program has three requirements participants must comply with in order to receive the matching funds:

2. Deposit at least the minimum deposit each month for a minimum of 6 months.
3. Complete a financial education course.
4. Complete asset specific counseling. The type of counseling received depends on your saving goal.
  - i. Homeownership
  - ii. Post-High School Education
    1. One-on-one homeownership counseling
    2. Completion of a Homebuyer Workshop approved by the Colorado Housing and Finance Authority
  - iii. Post-High School Education
    1. Academic counseling from the educational institution attended
  - iv. Business Capitalization
    1. Completion of an approved business development course
    2. Completion of an approved business plan

### 5. What happens if I open the IDA, but then change my mind about participating?

Any money you deposit into an IDA is yours to keep, however you will lose access to any matching funds. To receive your funds, you must submit a request to your case manager. MHUW will issue a check directly to you and exit you from the program.

### 6. What are the restrictions on choosing a intended use?

There are several restrictions on choosing an intended use. If you want to purchase towards homeownership, you must be a first time home buyer and you must be determined eligible to purchase a home by our homeownership counselor. If you would like to purchase towards education, you may only use those funds for post secondary or vocational education. If you want to start a small business your business plan must be approved by our small business counselor.

**7. Can I change my savings goal during the savings period?**

Yes. Although IDAs are designed to encourage long-term planning for a specific goal, we understand that personal circumstances may change. However, the ability to change your savings goal is dependant on the amount of time left in your savings period and other relevant information. Please contact your case manager to discuss changing your intended use.

**8. Do I receive the matching funds in cash form?**

No. Matching funds will be placed in a separate, parallel account. When you are ready to withdraw the savings to make a purchase, obtain a quote or price estimate from your vendor. Next, provide your case manager with a copy of the estimate (taxes included), as well as the vendor's address and phone number. Your case manager will request a check for payment to the vendor.

**9. Will opening an IDA affect my taxes?**

The IRS has ruled that only your savings are taxable. Since match funds are not paid to you, but to the vendor of your choice (title company, business supplier, school) on your behalf, they are not taxable. Additionally, because you are not taxed for the matching funds, you are restricted from writing them off as a business expense.

**10. Will opening an IDA affect my other government assistance (SSI, SSDI, etc)?**

Once again, only your savings will count toward any applicable asset limit. The matching funds DO NOT count toward any asset test.

**11. How long do I have to save before I can access my matching funds?**

The minimum savings period is six months from the date of the first deposit.

**12. How long can I save?**

You can save for as long as 2 years. Your savings period is dependent upon the availability of funding. If you are not ready to purchase an asset at the end of your savings period, you may apply for an extension. However, you are not guaranteed an extension; Mile High United Way will look at the information provided in the extension request to determine whether or not an extension is a viable option.

**13. Can I use my IDA in addition to other assistance (down payment, low-interest business start-up loans, and scholarships)?**

Yes. However, please consult with your case manager to ensure compliance with the grant.

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

Yes. The federal funding provided through the IDA requires that deposits made into the IDAs must come from earned income. Earned income is defined as "wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered".

**15. What if I am disabled?**

Persons with disabilities can participate like any other eligible person so long as they have earned income from which to make deposits into an IDA. AFIA ruled that Social Security Disability Insurance (SSDI) is not earned income.

**16. I already have some money saved. Can I move existing savings into the IDA?**  
Yes. However, you must continue to make your minimum monthly deposits until you have reached the \$1000 goal. This is also true, if you are expecting a lump sum after you have entered the program. However, Mile High United Way requests that lump sums are not more than \$1,500.

**17. What if I make my deposit in a lump sum?**

Lump sum deposits are encouraged; however participants are still required to make at least the minimum deposit each month if you have not reached the \$1000 goal. Your Earned Income Tax Credit is a great tool to add to your IDA. However, Mile High United Way asks that lump sums not be more than \$1,500.

**18. Even though I qualify for an IDA now, what happens if my income increases?**

Once you have been accepted as an IDA program participant, your eligibility is locked in provided you continue to meet the requirements of the program.

**19. Can I use my savings to upgrade my existing business?**

Yes. You can use your savings to make any necessary improvements to your existing business, assuming those improvements are a part of your approved business plan.

**20. Is there a maximum savings amount?**

As stated before, the IDA program will only match up to \$1,000. However, Mile High United Way also advises participants not to save more than \$1,500 of their own money in their IDA. You are encouraged to open your own savings account in which you can continue to make regular deposits.

## Preparing to Make a Purchase

In order to prepare to make a purchase, there are several things you must accomplish.

- You must complete the financial education, as well as the asset-specific counseling prior to being able to receive matching funds. However as stated before, the type of training you receive depends on your savings goal.
  - a. Homeownership:
    - i. One-on one homeownership counseling
    - ii. Completion of a Homebuyer Workshop approved by the Colorado Housing and Finance Authority.
  - b. Post Secondary Education:
    - i. Academic counseling from the educational institution attended.
  - c. Business Capitalization:
    - i. Completion of an approved business plan development course.
    - ii. Completion of an approved business plan
- Although you should be in regular contact with your case manager, it is important that you contact them when you are preparing to make a purchase. In order for you to successfully make a purchase, your case manager must know of your plans so they can take the necessary steps to assist in your asset purchase.
- Be aware of the balance in your IDA account. This is important in determining the total amount of money you have to make an asset purchase.
- Spend time before you make a purchase to research different vendors in order to see what services are offered and who has the best price for their service. If you have trouble deciding which vendor to proceed with, call your case manager to discuss the situation. Deciding which vendor to choose is important because you are required to provide an accurate invoice or quote to Mile High United Way in order for the vendor to receive a check.
- When you have decided that you are prepared to purchase an asset, call your case manager and inform them of your decision. You and your case manager will then complete a Request for Matching Funds form, which enables MHUW to transfer the funds to the vendor. Please allow 7-10 days to process your request.
- When you are close to reaching your savings goal, your case manager will set up an appointment with you after your final asset purchase to complete an exit interview. After you complete the exit interview, your case manager will complete paperwork requesting that the remaining balance in your account be mailed directly to you. MHUW or its partners may be contacting you after you exit the program to ask about your experience.

## Payment Options

When making an asset purchase, it is your responsibility to thoroughly investigate the vendors and their products or services. It is also your responsibility to ascertain whether or not the vendor will accept third party checks. In nearly all cases, a third party check will be cut to the vendor. However, if you have a particular vendor that you need to buy your assets from (i.e a campus bookstore), who will not take a third party check, please

contact your case manager to find an alternative solution. Under no circumstances will a check be cut for a purchase made on a debit card or with a personal check from the participant. Only under a few circumstances will a check be cut for a credit card purchase. However, if you plan to make a credit card purchase for an asset that you would like to be reimbursed for, the purchase must first be approved by your case manager. If you first make a purchase and then bring the receipt to your case manager for approval you will **not** be reimbursed for the purchase.

Additionally, if you decide not to purchase from a particular vendor after a check is cut to the vendor, a **\$25.00 service fee** will be withdrawn from your account. However, if you try to purchase from a vendor and the vendor has now decided they will not accept a third party check, you will not be held liable. Prior to making an asset purchase, please discuss with your case manager all of the possible options, to determine which best suits your circumstances.

### **Allowable Purchases**

Prior to requesting a match withdrawal for a particular purchase, make sure the purchase is allowable under the regulations set forth by the IDA program. Below lists allowable purchases for each savings goal, if you are unsure whether the purchase you wish to make is acceptable, contact your case manager.

**Postsecondary Education:** Educational expenses paid from the individual development account (IDA) directly to an eligible educational institution include:

- ✓ Tuition and fees required for the enrollment or attendance of a current student at an eligible educational institution.
- ✓ Fees, books, supplies and equipment required for courses of instruction at an eligible educational institution in which the student is currently enrolled. These items must be purchased at the educational institution (usually through the bookstore).

**First Time Homeownership:** Qualified acquisition costs with respect to a principal residence for a qualified first-time homebuyer, paid from the IDA directly to the persons whom amounts are due (i.e. title companies, etc) include:

- ✓ The costs of acquiring, constructing, or reconstructing a residence. The term includes any unusual or reasonable settlement, financing or other closing costs.

**Business:** Amounts paid from the IDA are restricted solely for qualified business capitalization expenses pursuant to a qualified business plan. These items must be listed in the business plan and deemed appropriate by a business care manager. The items may include including:

- ✓ Capital, plant, equipment, working capital and inventory expenses.

## Financial Education Classes

Basic financial education courses provide information to help you make wise choices regarding budgeting, credit, saving and investing. Depending on your schedule, personal interests and the area in which you live, your basic financial education will vary. However, each class covers the same basic information that will help you continue to save, invest and make wise financial decisions for yourself and your family.

Prior to receiving any basic financial education, it is very important that you speak with your case manager. As we are continually updating our class list it is important that you and your case manager determine which class would be most beneficial and the type of counseling that will fulfill the requirements of the IDA program. Additionally, if new basic financial education courses arise, case managers may need to contact the new institutions to provide them with background information about the IDA program.

\* Participants are required to take financial education classes as well as asset specific training.

## Asset-Specific Counseling

Asset-specific counseling provides information to help you make wise choices for buying an asset. Depending on the asset you plan to purchase and the area in which you live, your asset-specific counseling will vary. As stated before, those who wish to put a down payment on a home are required to complete a Homebuyer Workshop that is approved by the Colorado Housing and Finance Authority. Those who plan to use the IDA to start up a new business or expand an existing business are required to complete an approved business development course and develop an approved business plan. Finally, those who plan to use the IDA for post-secondary education are required to meet with an advisor at their educational institution to discuss their educational path.

However, prior to receiving any asset-specific counseling, it is very important that you speak with your case manager. He or she can not only help you decide on which asset specific counseling would be most beneficial, but the type of counseling that will fulfill the requirements of the IDA program. Additionally, if new asset specific counseling opportunities arise, case managers may need to contact the new institutions to provide them with background information about the IDA program.

For more detailed information on asset counseling, please contact the following partners:

Home Ownership:

Colorado Housing Assistance Corporation  
Cecilia Cervantes 303-572-9445 ext. 23

NEWSED

Betty Manzanares 303-534-8342 ext. 124

Business Savers:

Microbusiness Development Corporation  
Edwin Vellis 303-308-8121

## Important Resources

CHFA Website

[www.colohfa.org](http://www.colohfa.org)

Colorado Consumer Credit Counseling

1.866.889.9347

Colorado Office of Economic Development and International Trade

[www.state.co.us/oed/sbdc/](http://www.state.co.us/oed/sbdc/)

Colorado Saves

[www.AmericaSaves.org](http://www.AmericaSaves.org) or [www.ColoradoSaves.org](http://www.ColoradoSaves.org)

Consumer Action Website

[www.consumer-action.org](http://www.consumer-action.org)

HUD Website

[www.hud.gov](http://www.hud.gov)

Fannie Mae Website

[www.fanniemae.com](http://www.fanniemae.com)

First call/211 Website

[www.firstcall-vc.org](http://www.firstcall-vc.org)

211 or 970.407.7066

National Association of Certified Home Inspectors

[www.nachi.org](http://www.nachi.org)

National Low Income Housing Corporation

[www.nlihc.org/index.html](http://www.nlihc.org/index.html)

Quest Corporation-Free tax preparation

303.832.2557

SCORE: Counselors to America's Small Businesses

[www.score.org](http://www.score.org)

U.S. Small Business Administration

[www.sbaonline.sba.gov/](http://www.sbaonline.sba.gov/)

