

**Michigan IDA Program
Appendix B.
Frequently Asked Questions and Answers for Potential Participants**

Can anyone join the Michigan IDA Program?

Can you say **yes** to all of the following questions?

I agree to save an average of \$20.00 per month based on my own savings plan from my own earned income.

I agree to complete a financial management education class and asset-specific training for my desired asset purchase goal (a home, business, or education).

I agree to review and, if necessary, address any credit issues that would inhibit my ability to succeed with your asset purchase.

I agree to abide by the program's rules and responsibilities as described to me by program staff and in the written materials I receive.

If you can say yes to all of the above, you are more than halfway there. To be eligible to open an IDA account, you must show proof of a job and earned income that falls at or below 200% of the federal poverty guidelines (shown below), or qualify for the Earned Income Tax Credit, and the net worth of the household does not exceed \$10,000.00.

January 25, 2012 – January 25, 2013

Family Size	Income Level 200%	Family Size	Income Level 200%	Family Size	Income Level 200%
1	\$22,340	4	\$46,100	7	\$69,860
2	\$30,260	5	\$54,020	8	\$77,780
3	\$38,180	6	\$61,940	ea addl	\$7,920

What do I need to verify my 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

How does the account work?

With a Michigan IDA Program account, every one-dollar of saving is matched with another \$2 or \$3 dollars, depending upon you asset choice. Just make an average deposit of \$20.00 into your account each month and we'll match your savings up to \$1,000 per person

- ‡ **Homeownership:** Potential homebuyers can save \$1,000 over time in an IDA account for a downpayment on a house and will receive \$3,000 in matching funds for a total of \$4000 in total funds.
- ‡ **Small Business:** To start or expand a business, you can save \$1,000 in an IDA account for the downpayment and receive \$2,000 in matching funds for a total of \$3000 in total funds.
- ‡ **Post-Secondary Education or Training:** If you want to further your education or save for your children, you can save \$1,000 in an IDA account for the downpayment and receive a total of \$2,000 in matching funds for a total of \$3000 in total funds.

Sample IDA Program Calculations

Post-Secondary Education:

Typical cost to a 2-year community college program: \$4,000.

Monthly Savings	Total Saved By Individual	Economic Literacy Training/ College Preparation	2:1 Match	Total IDA
\$50 x 20 months	= \$1,000	10 hours + hours to research/apply	+ \$2,000	= \$3,000

Homeownership:

Typical cost of a starter home (varies by housing market): \$80,000

Average down payment required: 5%

Estimated downpayment & closing cost: \$4,000*

Monthly Savings	Total Saved By Individual	Economic Literacy Training/ Homeownership Counseling	3:1 Match	Total IDA
\$75 x 14 months	= \$1,050	10 hours + hours in credit preparation and homeownership education	+ \$3,000	= \$4,050

*** IDA program providers identify other down payment programs & income qualified subsidy programs to facilitate success in home purchases at this income level.**

Microenterprise Development:

Sample Small Business Purchases*:

Commercial Grill: \$1,000

Law Care Equipment: \$600

Monthly Savings	Total Saved By Individual	Economic Literacy Training/ Business training	2:1 Match	Total IDA
\$35 x 10 months	= \$350	10 hrs; + preparation of acceptable business plan.	+ \$700	= \$1050
\$20 x 10 months	= \$200	Same preparation	+ \$400	= \$600

* Saving goals will vary widely depending on the microentrepenuer's goals.

For how long can I save?

From 6 to 36 months, depending on when you join the program.

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

Yes, but only one can have an IDA account for homeownership.

Where does the match money come from?

The match money comes from Assets for Independence federal grants and the Michigan State Housing Development Authority.

How can I use the money?

- **Homeownership:** An IDA Account can be used for the downpayment and/or closing costs of a house to be used as the participant's primary residence. Participants seeking to use their IDA for this purpose are required to attend a local homeownership training program;
- **Education/Training:** For the participant, the participant's spouse, child, grandchild, or other dependent, the cost of attending an accredited vocational or technical training institution, community college, four-year college or university; and/or fees, books, supplies and equipment.
- **Business Development:** The cost of starting or expanding a participant's business in accordance with a business plan approved by the program.

Do the matching funds get deposited into my account?

No. The matching money is kept in a separate account at a partnering financial institution. You will receive a monthly or quarterly statement from your local participating bank or credit union showing your individual savings. The program will send you a quarterly statement showing your individual savings plus the amount of matching money earned. Or you can call us and we will tell you over the phone.

Can the account be used for other purposes?

No. The idea behind the IDA program is that your savings will be used to buy something of value that will benefit you and your family.

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

The IDA account is disregarded for the purpose of determining eligibility to receive any assistance or benefit authorized under family assistance. Also, the IDA is exempt as a resource for all public assistance and medical assistance.

What other services does Michigan IDA Program provide?

Your local Michigan IDA Program will coordinate and/or provide services to help you achieve your asset goal and help you address needs that might become barriers to success.

- ⇒ **Financial Education:** Michigan IDA Program will help families learn the financial management and planning skills necessary to make the most of their income, savings and assets.
- ⇒ **Credit Counseling:** Participants who have credit issues can get credit repair counseling to help them improve their credit report and prepare for their asset purchase.
- ⇒ **Small Business Assistance:** Participants who want to start small businesses will receive training to acquire necessary business skills, develop a business plan, and access financing.
- ⇒ **Home Ownership Preparation and Assistance:** The program will leverage the resources of a number of non-profit agencies that provide free counseling to take participants step-by-step through the home buying process.
- ⇒ **Education and Training Resources:** We will help you develop a career plan to move toward greater job satisfaction and economic self-sufficiency. This includes: (1) an assessment of your skills and interests; (2) information about possible careers (i.e., pay range, education/training/certification required, availability of positions, long-term potential); (3) development of career goals and plans that match your skills and interests; (4) information about available training and educational opportunities to meet the identified needs of the chosen career (i.e., community college programs, apprenticeships, and training centers); (5) an assessment of the career plan to determine the costs, benefits, and feasibility of the plan; and (6) development of a plan for obtaining identified training.

How do I open an account?

Come into your local Michigan IDA Program office to determine if you are eligible. If you qualify, we will ask you to come to 1-2 orientation sessions to learn more about the program and about our free services. Once you complete the orientation process you will be scheduled for your official enrollment into the program. At the participant enrollment, you will sign a Savings Plan Agreement, Individual Asset Plan, complete a savings schedule and financial check-up sheet and other necessary forms required to open your account and deposit your first \$20.00.

Can I 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 Michigan IDA Program. You must repay your account for the full amount withdrawn within a year. Only the amount saved can be withdrawn and not the match.

What if I miss my 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. The match money will be forfeited.

What if my income goes up, or I become unemployed, after joining the program?

The Michigan IDA Program certifies your eligibility for the program at the time you apply. You can remain in the program even if your income goes up or if you become unemployed, as long as you can continue to follow the program guidelines.

What happens when I save enough to buy my asset?

Meet with us and tell us you want to make a withdrawal for one of the three recognized purposes. Together, we'll review your participation in the program and what you've learned to help use your savings wisely. Then we'll transfer your own savings and the match money by means of a check made payable to the vendor you are purchasing your asset from.