

Individual Development Accounts (IDAs)



What are IDAs?

Individual Development Accounts (IDAs) are matched savings accounts that help people of low to moderate means build assets. A New Leaf, collaborates and through partnerships seeks to ease the burden of paying for rising college costs, starting a business and to assist in the purchase of a first home. IDA programs have shown to create economic security for the family. IDA Programs assist in the development of building assets which empower and enrich the lives of families so as to provide self sufficiency.

Types of IDAs

- Education IDA
- Home IDA
- Business IDA

Participants may be enrolled in one IDA program at a time and have the option of reapplying to be in a second IDA program once they have completed their existing IDA program.

Funding Sources for IDA Program

- 50% Federal Funding = Assets for Independence (AFIA)
- 50% Non-Federal Funding = A New Leaf, banks, educational institutions, and other non-profit organizations.

What can you use your Education IDA funds for?

- Educational costs at any accredited post-secondary education institution. All classes that lead to a degree or certificate.
Ex. tuition, fees, books, supplies
- All purchases must be approved by MesaCAN and Coconino County Community Services staff prior to distributing matching funds.
- Participants cannot be reimbursed for assets they purchase for their education. All IDA funds are distributed to a third party.

Home IDA Program

- Household of any size
- 2:1 match

You save up \$4000 and you **receive** up to \$8,000 from the IDA program. You now have a total of \$12,000 for the purchase of your home!

You can use this money for:

Earnest Money Deposit

Inspections

Appraisals

Down payment/Closing costs

Home IDA – cont'd

- Expenses related to upgrades or appliances for home are not allowed with IDA funds.
- The home purchase can be anywhere in the state of Arizona.
- Participant receives a HUD-approved Gift Letter with gift paying out to the title company.
- Participants cannot be reimbursed for assets they purchase for their home. All IDA funds are distributed to a third party.

Coconino County Community Services Business IDA Program

- Match (2:1)
 - Financial Literacy (personal & business)
 - Business Plan (legal, product/service, market, competitors, pricing, start-up & operating costs, cash-flow, etc.)
- Match: Save up to \$2000 and receive up to \$4,000 for business start-up/expansion.
 - Focus: Micro-business (5 or fewer employees, less than \$35,000 to capitalize the business.
 - Target: Those with a viable business idea, who commit to translate their idea into a plan.
 - Examples: Cheesecake & Chocolate, Flagstaff Sports Exchange, Volcano Ukuleles, etc.

Business IDA – cont'd

- 80+% of all businesses in the U.S. are micro-businesses.
- 70% of U.S. population has thought of starting a business, but most don't due to fear of failure and not knowing how.
- Two-thirds of the 10% who do start had a business-owning parent. They are less afraid, but many don't have a plan, so 80% fail within 5-years.
- Studies show with assistance, like CCCS' IDA and Basic Business Empowerment business planning, 80% can still be in business after 5-years. [To provide its fledgling entrepreneurs with even more resources CCCS also partners with its local Small Business Development Center.]

Frequently Asked Questions:

1. If I decide to no longer be in the program, do I keep all my saved money?
 - Yes! Any money you put into your savings account is yours and will remain yours.
2. Do I need to wait until I have reached the total savings before I can use the IDA match funds?
 - No. You just need to wait for the minimum amount of savings time.
3. Can the IDA funds be used to pay off loans or other debts?
 - No. The IDA funds are strictly applied to asset purchases.
4. Does being in the IDA program disqualify me from getting other assistance? i.e: grants, loans, government assistance, etc.
 - No. We encourage you to double dip!

Frequently Asked Questions:

5. Do I need to claim the IDA funds on my taxes?
 - No! The IDA funds are not earned income and are distributed to the third party.
6. Can I participate in the IDA program more than once?
 - Yes! Once you are done with your first IDA you are welcome to reapply for another.
7. When do the six months savings time begin?
 - When you make your first deposit into the IDA bank savings account
8. Can I save at any bank?
 - No! You need to open a savings account with a partnering bank. You will be given detailed instruction as to which bank and how to open the account.
9. Do I need to pay back the funds I receive from the IDA program?
 - No! You will never need to pay this money back.

Other Questions?

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Thank you!