

Savings Plus

www.savingspluscolorado.org

Denver Earned Income Tax Credit/Individual Development Account (IDA) Fact Sheet

1. What Are IDAs?

Individual Development Accounts are specially designed savings accounts matched by public and private sources specifically for high-return investments such as first-time homeownership, post-high school education, and business capitalization.

2. Where are the accounts held?

The Accounts are held at participating banks such as Wells Fargo, Commercial Federal or Key Bank.

3. Who administers this program?

Savings Plus, a collaborative effort from Del Norte Neighborhood Development Corporation, Mile High United Way, and Rocky Mountain Mutual Housing, has been in existence for over three years and has served over 300 Denver families.

4. How much assistance will I receive?

Savings Plus will provide a three to one match on up to \$1,000 saved in the IDA. (If a participant saves \$1,000, he/she will receive a grant of \$3,000 for their purchase).

5. What do I have to do to receive the matching funds?

Savings Plus has three requirements in order to receive the match funds:

- a) Deposit at least \$25/month into the account for as long as the participant remains in the Savings Plus program.
- b) Complete a free financial management course (two options)
 - I. ***Money Smarts*** - taught by the Consumer Credit Counseling Service, this four-hour, two week course covers such items as credit & credit repair, tracking expenses & budgeting.
 - II. ***Your Money/Your Life*** - taught by The Mutual Financial Services, this ten hour, five week course covers all of the items above as well as long-term financial planning, investing, and learning to identify predatory lending practices, especially in regards to homeownership.
- c) Complete specialized asset training. The type of training received depends on the participant's saving goal.
 - I. Homeownership
 - ✓ One on One Homeownership Counseling (at least one session) - ***FREE***
 - ✓ Completion of a Homebuyer Workshop approved by the Colorado Housing & Finance Authority - ***FREE***
 - II. Post-High School Education
 - ✓ Academic Counseling from the educational institution attended - ***FREE***
 - III. Business Capitalization
 - ✓ Completion of an approved Business Plan Development Course - ***Prices vary but may be free to post-TANF participants***
 - ✓ Completion of an approved Business Plan

6. What happens if I open the IDA but then change my mind?

Any money a participant deposits into the IDA is theirs to keep; however, the participant will lose access to any matching funds.

- 7. Can I change my savings goal during the savings period?**
Of course. Though IDA's encourage long-term planning for a specific goal, sometimes circumstances change. All that's necessary to change a savings plan is to contact the Program Manager and arrange for a new Saver's Agreement.
- 8. Will opening an IDA affect my taxes?**
The IRS has ruled that only the participant's savings are taxable. Since match funds are not paid to the participant but to the Vendor (title company, business supplier, school) on the participant's behalf, they are not taxable.
- 9. Will opening an IDA affect my other government assistance (SSI, SSDI, etc.)?**
Once again, only the participant's savings will count towards any applicable asset limit. The matching funds DO NOT count towards any asset test.
- 10. 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.
- 11. What's the longest time I have to save?**
Participants can save in the Savings Plus IDA Program for as long as two and a half years. If a participant is not yet ready to purchase the asset at that time, an 18-month extension may be granted.
- 12. Can I use my IDA in addition to other assistance (down payment, low-interest business start up loans, scholarships)?**
Absolutely. For example, educational IDA's can only be used to pay for tuition and fees, but Pell grants can be used towards a variety of living expenses, so many of our participants use the IDA dollars to pay for the classes, thus freeing up Pell money for rent, transportation, child-care, etc.)
- 13. Do I have to be currently employed in order to qualify for an IDA?**
Yes. Federal regulations clearly state that deposits made into IDA's must come from earned income (wages, child support, disability, etc.).
- 14. I already have some money saved. Can I move existing savings into the IDA?**
Yes.
- 15. Even though I may qualify now, what happens if my income increases?**
Once you have been accepted as a Savings Plus participant, your eligibility is locked in.
- 16. Do I have to (buy my home, start my business, go to school) in Denver?**
Savings Plus Matching funds can be used anywhere in the five county Denver Metro Area (Denver, Jefferson, Adams, Arapahoe or Douglas counties).

For more information about Savings Plus or Individual Development Accounts, call:

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