



IDA TOOLKIT

Expanding Savings Opportunities in Texas
Through IDAs and Matched Savings

Woody Widrow and Lauren Gates

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A Note from RAISE Texas

This toolkit was developed as a guide for Texas organizations and their partners to help them think strategically through each of the components of an Individual Development Account Program (IDA) and other matched savings programs to effectively create a program that fits their community and clients.

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Expanding Savings Opportunities in Texas through IDAs and Matched Savings

Matched savings accounts are special accounts designed to encourage a consistent pattern of savings by providing an incentive toward a specific savings goal. There are many different types of matched savings accounts programs that are currently occurring in Texas and across the country. Some of them will be highlighted in this toolkit, but it is important to select the appropriate savings program that best fits the needs of your community. This toolkit was developed to help guide you in thinking through each component of a matched savings program to effectively create a program that fits your community and your clientele.

OVERVIEW

The main matched savings program with a proven track-record of success in helping low-to-moderate families and individuals save for an asset specific goal are Individual Development Account Programs (IDAs). This section will highlight IDA programs and then later in the toolkit we will briefly discuss the additional types of matched savings programs.

What is an IDA Program?

An Individual Development Account (IDA) program is a special matched savings program designed to help low- to moderate-income families obtain economic opportunity through the purchase of an asset (i.e. first home, post-secondary education, small business development, vehicles, etc.). All IDA program participants are required to accomplish three short-term financial goals to successfully complete the program and ultimately purchase an asset: **attend financial education classes, attend an asset-specific class or training, and establish a consistent pattern of savings.**

Matched Savings Example	
2:1 match up to \$2,000 in savings	
Participant Savings:	\$2,000
<u>IDA Program Match:</u>	<u>\$4,000</u>
Total funds for asset purchase:	\$6,000

Types of Individual Development Accounts Programs

There are different types of IDA programs. All IDA programs are designed based on the guidelines established by the main program funders. The federally-funded Assets for Independence Program (AFI) is the largest IDA funder in the United States, providing government funding to many of the current IDA programs. AFI-funded IDAs have specific guidelines, rules, and regulations established by the program. Non-AFI funded IDAs also have specific guidelines, but generally these programs tend to be less stringent with the rules and regulations being more flexible. The specifics of each type of program are mentioned below.

AFI-Funded IDAs

AFI-Funded IDAs are regulated by the Assets for Independence Act in Title IV of the Community Opportunities, Accountability, and Training and Educational Services Human Services Reauthorization Act of 1998, P.L. 105-285, which was amended in December 2000. The AFI program is a federal program that awards matching five-year grants to community-based nonprofits, and local, State, and Tribal

government agencies to implement an Individual Development Accounts program as an asset-based approach to help low-income families out of poverty. The IDA programs help participants save earned income in special matched savings accounts, and then every dollar saved by the participants is matched from \$1 to \$8 by the AFI-funded local IDA program. Aside from the match money, AFI-funded IDA programs offer services like financial education classes, credit counseling and credit repair, asset-specific trainings (i.e. homebuyer education), and information about the Earned Income Tax Credit (EITC) and other tax credits. IDA participants are required to establish a pattern of savings (for instance AFI-funded IDA programs require that a participant save for at least six consecutive months before they can make an asset purchase) and attend financial education and asset-specific classes in order to be eligible for the match money. The match money and the participants' savings are used to acquire one of the following three allowable options: a first home, post-secondary education or training, or capitalization of a small business. Eligible clients for AFI-funded IDA programs are: those whose income is less than twice the federal poverty line, those on Temporary Assistance for Needy Families (TANF), or those who qualify to receive the federal Earned Income Tax Credit. To be eligible for the IDA, clients must have some earned income and also must have no more than \$10,000 in net worth (not including one vehicle and a home). AFI funding is available to groups throughout the year, and the Office of Community Service (OCS) in the Department of Health and Human Services (HHS) reviews and funds new grants in three cycles (winter, spring, and summer) each year. Grants cover a five-year project and can be for an amount up to \$1,000,000, but the average project grant is \$350,000. All AFI applicants must secure an equal or greater amount of non-federal funds in order to be awarded an AFI grant and to draw down AFI funding. Please note: the Assets for Independence Program (AFI) has funding available and is currently taking applications from new or existing IDA programs.

For more information on AFI Funding and for other AFI Resources, visit:

<http://www.acf.hhs.gov/programs/ocs/programs/afi> or
<http://www.acf.hhs.gov/programs/ocs/afi/applying.html>.

Non AFI-Funded IDAs

For IDA programs that are not AFI-funded, there are several additional sources of funding available for these programs. Foundations, United Ways, financial institutions, HUD CDBG dollars, cities and local government agencies, community colleges, and even some corporations or for-profit entities will fund IDA programs in their communities. A non AFI-funded IDA program usually allows more flexibility in the structure of the IDA program. Program features like program eligibility requirements, length of time in the program, and allowable assets can usually be discussed and agreed upon by the organization running the IDA program and their funder(s). Sometimes funders want to help put together special IDA programs around certain assets. For instance, one IDA program in Texas offered a special IDA program to help individuals purchase a vehicle so they could get to and from work. This was a privately funded IDA program that had special guidelines and eligibility requirements established by the funder and IDA administrator. Another example of a non AFI-funded IDA program is the IDA program by Midland College that wrote a specific grant application for HUD funding that incorporated the entire set-up, policies and procedures for the IDA program within the grant application. This allowed Midland College

to design an IDA program specifically for its community to help low- to moderate-income families buy a home or capitalize a business. Based on the need in a local community, different funders are willing to help establish a program that will fulfill the need and demonstrate successful outcomes. It is important to remember the following components when establishing an IDA program: length of time in the program (avg. three years for a participant to save and purchase a home; or participants can save and then split their IDA money to cover multiple semesters of a post-secondary education or make several purchases to capitalize a business), and cost of administering the program (operating costs and match money). The components of an IDA program are relevant to all IDA programs, whether funded by AFI or privately funded, so use the rest of this toolkit as a guide when building a successful IDA program.

HOW TO SET-UP AN IDA PROGRAM IN YOUR COMMUNITY

A great first step toward designing and implementing an IDA program in your community is to build local partnerships. A successful IDA program will require three types of partners: at least one strong financial institution partner, funding partners, and community partners.

Financial Institution Partners

The financial institution partner (banks and/or credit unions) is a key player in the success of the IDA program. The financial institution partner is going to hold the savings accounts, provide account statements and other documentation to help track savings, hold match money and other program-related accounts, and could possibly be a good resource for mortgage questions, financial education, or home buyer education.

Not every financial institution is interested in holding IDA accounts. IDA accounts are typically set-up as a special dual-signature account that bears interest but does not have any minimum balances or fees. This can be quite an expense for a financial institution to take on, but there are several rewards for their cooperation. When reaching out to a bank partner it is important to highlight the community reinvestment credit that they can receive, along with the financial impact of the IDA program. The following is a list of items that will help sell the IDA program to a financial institution partner:

- Brings in new customers that are low- to moderate-income individuals or families that will help the bank achieve its Community Reinvestment Act (CRA) ratings.
- A consistent pattern of savings is a requirement for these accountholders, so they will be putting money into the accounts. Some organizations offer to deposit the match money into a separate account at the financial institution.
- Other organizations allow the financial institution partner to teach the financial education classes or homebuyer education classes for their IDA program. This gives financial institution representatives direct access to potential mortgage clients.
- Financial institution partners can also be a resource for IDA participants that are trying to buy a first home or for other financial products offered by the financial institution.

- Be sure to put the logo or name of the financial institution on all marketing materials, documents or websites associated with the IDA program.

The next step of setting up a successful partnership is to make a list of what the IDA program will need from a financial institution. Some ideas include:

- Special dual-signature accounts that require the signatures of both an organization representative and the accountholder to withdraw money.
- There should be no set-up costs, minimum balances, or fees on these accounts.
- The accounts should bear interest.
- Discuss a way to receive the monthly bank statements or monthly deposit information for each account holder. Is it easier to receive paper statements with the information? Or would it be possible to have the information put on a dvd or cd and mailed to the IDA program manager for easier data entry? In some cases, the financial institution will have a secure system online that the IDA program manager can log into each month to access client statements. This is a very important item to discuss with the financial institution partner because it will provide the documentation you need each month to track each account holder, their deposits, which ones missed deposits, any unauthorized withdrawals, and for matching purposes. Some IDA programs even send out account statements that include the amount of savings and the match money accrued to each account holder regularly, so it is going to be important that you have the information that you need each month from the financial institution partner.
- Ask if the Financial Institution Partner would be willing to waive any fees to cut a cashier's check to the third party vendor when an IDA participant is ready to purchase an asset.
- Establish one contact at the financial institution for all communications. This person will be important for any account issues, questions, to help open and/or close any account, etc.
- Be proactive about working with your financial institution partner to make sure that all of their employees know about the IDA program. There tends to be a lot of turnover with the staff who work with the IDA participants. By informing and educating multiple staff members about the program, you can avoid any interruption to the process of obtaining accounts statements, tracking savings, keeping participants from making unauthorized withdrawals, etc.
- Can an accountholder go to any branch of the financial institution, or is there a specific location for the IDA program? If partnering with a credit union, does the credit union partner have arrangements with other credit unions where accountholders can go to make deposits? (The more options IDA participants have for depositing, the more likely they are to meet their savings goal and establish a consistent pattern of savings.)

- Ask if there will be any operating or match money available from the financial institution partner to support the program.

Finally, once the partnership has been discussed in detail, it is important to put together a Memorandum of Understanding (MOU) with the financial institution to formally establish the commitments of each partner. A sample MOU is available in Appendix E.

Funding Partners

Funding partners are one key to the design and implementation of the IDA program. As discussed earlier, depending on the source of funding, the program will need to adhere to the rules and regulations of the funder. Whether this will be an AFI-funded IDA program or not, non-federal funding partners are needed. Many Texas IDA programs have raised IDA funding from financial institutions, city or local government agencies, United Ways, foundations, educational institutions, and corporations. It is important to remember that two different costs are associated with IDA programs: match money for matching the participants' savings in the program, and operating or administrative costs of running the program. It is important to include both of these costs in funding applications. Also, funders might be available to help in other ways, like providing financial education teachers, financial education or asset-specific training curriculums, or as resources for IDA participants.

Community Partners

Organizations and institutions that can help with outreach, recruitment and marketing, building houses, providing loans, financial education classes, credit counseling, free tax preparation, educational scholarships, small business development programs, and even refer clients to your IDA program are going to be important. IDA programs are difficult to administer solely, so it is important to build community support to expand the reach of the program. Texas IDA programs have partnered with organizations and institutions throughout Texas including but not limited to: banks, credit unions, United Ways, CDCs and other community-based organizations, cities and local government agencies, community centers, community colleges and state universities, local housing authorities, churches, foundations, Habitat for Humanity, NeighborWorks, Consumer Credit Counseling Services, YWCAs, Chambers of Commerce, non-profit organizations, Workforce Solutions, and local corporations. Local corporations can be strong community partners and some may even provide corporate giving to help with funding the IDA program. Look on the websites of the corporations or foundations in your area to see if they have a corporate giving program in your community.

PROGRAM DESIGN

Determine whether this project should be a single agency or collaborative effort. Is this program going to cover an entire region or large city in Texas where it would be hard for one agency to provide all services related to a successful IDA program to all program participants? If so, then a collaborative effort might be the most effective use of resources. If your organization is going to directly provide all services within the service area, then a single agency program would be most efficient.

IDA Collaborative

This type of program design can cover large sections of major cities or regions of a state, or even the entire state. A collaborative has a lead agency which does the fundraising, administrative and back office duties, and the reporting to funders. In a collaborative there are then local agencies on the ground throughout the city, region, or state that would provide the direct client contact- opening the savings accounts, providing financial education and asset-specific trainings, credit counseling, all reporting requirements to the lead agency, establishes community partnerships, etc.

Advantages of a collaborative

- Larger service area to reach more low- and moderate-income families and individuals
- More staff to help with the process of administering the IDA program
- Shared costs and spreads out the resources- more available in the different areas of the service area

Disadvantages of a collaborative

- Larger-scale requires lots of funding
- Need resources (i.e. financial education classes, asset-specific trainings, financial education partners) on the ground in every program location
- Not always easy to establish good, solid partnerships in different locations throughout the entire service area

Single-Agency IDA Program

In contrast to a collaborative IDA program, a single-agency can also put together an IDA program. This requires the agency to do all or most of the fundraising efforts, marketing, design, and implementation of the program, manage all of the back office and overhead associated with the program, and establish partnerships that will make the program successful in its community.

Advantages of Single-Agency IDA Programs

- Less back office management needed
- Full control over the program and direct access to participant information which can help with reporting efforts and management
- More flexibility as necessary to change or update policies and procedures when implementing an IDA program in a community when one organization is involved. This allows the organization to update and change the program as reflected in the needs of the community and as circumstances dictate.

Disadvantages of Single-Agency IDA Programs

- Usually a smaller service area
- IDA programs are expensive to run so it is a disadvantage to not have other organizations to help cover the costs
- Need to provide staff to be in charge of all of the aspects for the success of the program

There might be a time when a single-agency IDA program needs to expand into a collaborative. If organizations want to partner and invest in the IDA program, then it might be a good time to collaborate and expand the service area. If many of the IDA program's participants are outside the scope of direct service, then it might be time to partner with other organizations closer to the participants to be sure that they receive the support and resources they need throughout the program. If a funding opportunity comes up to cover a larger service area that is not directly within the reach of the single-agency (i.e. entire county, multiple counties, regions, etc.) then it might be worth pursuing a collaboration of organizations to help cover the additional area.

Funding

Funding is an integral part of every IDA program- both operating costs for the organizations and match money for the program participants. When deciding to implement an IDA program in your community, it is important to decide how much funding to go for and how big the program should be. If you have the choice of how big to make the new IDA program, **it is recommended to start small**. Design and implement the program with a goal (i.e. 10 IDA accounts or 25 IDA accounts) and focus on reaching that goal. It is recommended to start small for a number of reasons: it is easier to make internal changes to better the program when there are fewer accounts; it can take some time to establish the IDA program in your area especially to encourage low-to-moderate income families to actually sign-up for the program; and finally, an organization will only need to raise a specific amount of funding for the program. It will also allow you to see how the program fits in with the other programs you offer in your agency. If a funder is requiring a specific amount of accounts in order to receive the funding, then that number needs to be the goal of the organization. It is important to remember that the amount of IDA accounts a program will open is going to be directly related to the amount of funding received. Be sure when deciding how many accounts to open that the amount of operating and match funds on hand will cover every IDA account.

Allowable Assets

IDA programs allow low-to-moderate income families the opportunity to save to purchase an asset. The asset purchase options can be decided in two ways: established by the funder and what they are willing to fund, or depending on the direct needs of the community. Many funders will specify which asset purchases are allowed to be purchased using their funding. If not, a program should focus on the direct needs of the community to decide which asset purchases will help support the family and the community. The most popular asset purchases are: first-time homeownership (defined as someone

who does not own a home in their name during the three-year period counting back from the date IDA funds are used to purchase a home), post-secondary education, and small business development. Other assets offered are vehicles, home repair, emergency savings, and retirement.

Asset Purchases

The asset purchase process must be designed with the best interest of both the organization and the IDA participants. In order to avoid any challenge of asset limits and public benefits, be sure that the match money never goes directly to the participant. All match money is saved in a separate account owned by the organization. At the time of the asset purchase, the match money and the IDA participant's savings will be dispersed directly toward the purchase of the asset. For new homeowners, a cashier's check or a wire can be sent directly to the Title Company for the total amount of match money. The IDA participant can then bring their savings in the form of a cashier's check made out to the Title Company to closing. Or, since the organization is joint owner on the account, the organization might be able to request that the participant's contribution be made out to the organization. The organization can then cut one check for both the participant's part and the organization's match money directly to the Title Company. For a post-secondary education purchase, either send the match money directly to the school or educational institution on behalf of the IDA participant, or give the IDA participant the cashier's check made payable to the school or educational institution for that individual to turn in. For small business development asset purchases, make the payments directly to the vendors. Match money should not go directly to the IDA participant. Always keep receipts, copies of checks, HUD-1s, and other documentation of all asset purchases in your files.

Files: Participant Paperwork Requirements

Complete individual files should be kept for every IDA participant. Files can include, but are not limited to: completed IDA program application, signed savings plan agreement, record of deposits, financial education and asset-specific training completion certificates, withdrawal request forms, copies of tuition bills, Good Faith Estimates, Sales Agreement for home purchases, invoices from vendors for business expenses, and documentation of any counseling efforts made by staff (i.e. communications, credit issues, etc.). A number of sample documents are available in Appendix E to use and adapt.

Policies & Procedures

The Policies & Procedures document is going to be very important once the IDA program is established and implemented. All of the guidelines, eligibility requirements, agreements, and program requirements need to be specifically discussed in the Policies & Procedures. This document will help to govern the IDA program and in particular when needing to reject a family due to ineligibility or when needing to remove a participant from the program. Use this document to clearly describe how the IDA program is going to work, what rules and regulations need to be followed in order to be a successful participant, and what the specific roles are for each party (organization and participant). Examples of items to include in the Policies & Procedures are:

- Total amount of savings that can be matched

- Match rate
- Number of deposits needed or number of months to save before purchase
- What happens if a participant misses a monthly deposit or violates the deposit policy
- Allowable assets
- Amount of time to complete the program
- Minimum amount of monthly deposit (i.e. \$25.00)
- Procedure for purchasing the asset
- Number of financial education and asset-specific trainings to complete or specifically state which financial education and asset-specific trainings the participant needs to take and who will provide these classes and trainings
- Reasons for removal from the program
- A grievance process
- Services offered by the IDA program
- Post-program activities that the client will need to take part in (i.e. follow-up surveys, outreach, etc.)

Eligibility Requirements

Most IDA programs have a specific set of qualifications that individuals have to meet in order to participate in the IDA program. These qualifications may be based on a number of characteristics of the program: requirements from funders, income, geographic location, etc. It is important to establish a set of required qualifications to enter the program and to have these specified in the policies & procedures and all other official documentation for the program.

Accountholder Communications

Good communication between the IDA program and its participants is crucial. Decide what kind of information your account holders need to receive and how often. Some examples of communications are: monthly account statements, quarterly newsletters, phone calls, emails, text messages, peer group meetings, one-on-one meetings with financial coaches, etc. Be sure to let every participant know how and when you will be communicating with them once they are in the program.

Marketing and Recruitment

Finding qualified participants is not usually a challenge for an IDA program. One of the bigger challenges for a new IDA program is getting new participants enrolled in the program. Establishing a good process for marketing and recruitment can help! Partnering with community organizations that serve your

target clients and that would qualify for the IDA program is a great place to start. Having trusted organizations within the community speak about the IDA program, pass out information about the IDA program, or even help enroll clients into the IDA program will help ease concerns that potential participants may have. Also partnering directly with organizations focused on the allowable assets will help with marketing and recruitment. Look into potential partnerships with colleges and universities, high schools, homeownership agencies, and small business development organizations that have clients already thinking about purchasing a home, post-secondary education, or starting or expanding a small business. Face-to-face contact with potential clients also helps ease concerns about the program. Distribute information at job fairs or community events, speak about the program for three minutes before a financial education class begins, or talk to clients waiting in line at the VITA sites in the area. Take advantage of opportunities to meet with potential clients face-to-face to explain the program and engage partners within the community to help.

PROGRAM MANAGEMENT

Back Office Activity

Solid back office procedures in place before opening the first IDA account will help establish a well-managed IDA program. The specific back office activities to focus on when implementing an IDA program are: staffing configurations, database options and which management information system to use, program responsibilities and client responsibilities, and special programs.

Staffing Configurations

The following list shows a sample of the types of staffing positions used in IDA programs in Texas. Whether these positions are staffed by one person or multiple people will depend on the number of clients served, the number of accounts opened, amount of funding available, and the requirements of the program.

- Program Manager- someone that will track all account activity for the program, oversee the match money and costs of the program, facilitate the asset purchases, establish partnerships with other community organizations to help clients reach their goals, maintain communications with the accountholders, and ensure that all happenings within the IDA program follow the established policies and procedures.
- Financial Education Provider- either a staff member or a partner organization needs to provide financial education classes for the clients to attend. These classes include topics such as budgeting, homebuyer education, basic banking, and more.
- Asset-Specific Training Provider(s) - either a staff member or a partner organization(s) needs to provide specific training related to the asset being purchased by each client. For example, homebuyer education for future homeowners, small business development course for small business owners, or meeting with a school counselor to put together a plan for a post-secondary education.

- IDA Counselor/Coach- Some programs have counselors to work with the clients to help them through the process of saving, taking financial education courses, and reaching their program goals. For programs that want lots of one-on-one contact, a position like this will be useful.
- Enrollment/Intake Coordinator- Some programs have a specific staff member to oversee the enrollment of potential program participants. This position helps clients fill out the application, collect and turn in all of the required documentation to apply, and verifies eligibility in the program.
- Accounting/Grants Manager- Since an IDA program creates lots of financial processes and needs for the organization, it might help to have a staff member focused on the accounting needs of the program. The accountant takes care of asset purchases, tracking funding for the IDA program, and in some cases, may even help with the database management/account management of IDA participants to balance individual account balances with the match money obtained from program funders. This person can also manage the grants by applying for grants, tracking how far along the organization is in the grant, submitting quarterly or bi-annual reports, and drawing down match money.

Database Options

There are several available database options for IDA programs. The database should be a helpful resource for the program and allow program staff to pull IDA information at any time. It should specifically be helpful when putting together reports for funders or when pulling information when a client is ready to purchase an asset. Consider the needs of the program and program staff when choosing a database. Please note: pricing and availability of the following database options are subject to change. Visit the following websites or contact the programs directly for current information.

- Outcome Tracker by VistaShare (<http://www.vistashare.com/Corporate/Products/IDA>)
- Management Information System for IDAs (MIS IDA) (<http://csd.wustl.edu/Publications/Lists/Projects/DispForm2.aspx?ID=252>)
- Microsoft Excel (<http://office.microsoft.com/en-us/excel/>)- programs can put together their own spreadsheet to track participants.
- AFI² Program Management Tool (http://www.acf.hhs.gov/programs/ocs/afi/granteehandbook/gh_tab7_2.htm)

Program Responsibilities and Client Responsibilities

Staff will need to manage the program to ensure that both the IDA program and the clients are responsible for their parts of the program. Be sure that both the IDA program staff and the IDA accountholders know what their responsibilities are to have a successful program. These responsibilities should be stated in the policies & procedures, on the application, and on all official program documentation or marketing materials. This will help the clients know exactly what is expected of them

while the staff manages the program efficiently. Some IDA programs have a separate document that the IDA participants have to sign stating that they understand the rules and regulations of the IDA program and what they are required to do in order to complete the program. Other programs have clients fill out a worksheet during the first appointment that requests information about the client's yearly goals, how the goals will be achieved, the date the client started the program and the date the client's time in the program will end. Any of these resources can be used to remind the client of what their responsibilities are to participate in the IDA program.

Examples of Special Programs

IDA programs were developed to help low- to moderate-income families establish a pattern of savings, learn about financial management, and ultimately purchase an asset that will help them become more financially stable. During the course of the IDA program, there might be specific times of year or great opportunities to implement special programs. Some special programs are designed to encourage clients to reach their goal in a designated amount of time, while others take advantage of increased match money or tax time when clients receive more money through a refund. These programs can help both the IDA program and the clients reach their goals. Below are three examples of special programs.

- Express IDA programs- these programs allow clients to save for a specific number of months (usually a shorter amount of time than usually allotted for the program) and then they receive a higher amount of match money to purchase their asset. For example, savers that save \$1,000 in their IDA account in a specified 12 month period might receive a 4:1 match towards the purchase of their asset.
- Tax Time IDA programs- these programs increase the IDA savings rate using the split refund during tax season. For example, an IDA program will allow IDA participants to deposit a lump sum into their IDA accounts directly from their tax refund. This will help them meet their savings goal.
- Portable IDA programs- unpredictable events can happen to disrupt a community, like a major hurricane or wild fires. Unfortunately these types of events might make it impossible for IDA participants to successfully purchase an asset within the timeframe and community where the program is located. In the event of a disaster, a portable IDA program can be implemented to help IDA participants continue to build good financial habits and purchase an asset in their initial community or a new community.

PROGRAM COMPONENTS

Financial Education Program

The financial education component is very important to the success of the IDA program. The education class(es) includes topics of personal financial management and budgeting to assist clients in reaching their goals through the IDA program and beyond. IDA programs need to establish who is going to teach the financial education component, when the financial education needs to be completed by the clients,

and which curriculum should be taught. IDA programs can either teach the financial education classes internally or can partner with another community organization or financial institution that offers financial education, or can set up a computer-based program that participants complete. There are a number of existing curriculums available. See Appendix D for a list of some of the curriculums used here in Texas. Some IDA programs require completion of financial education before enrollment in the IDA program. Other programs require that IDA accountholders complete financial education classes while they are saving in the program and before they are ready to purchase their asset. It is important to assess the clients' needs that your program will serve when establishing the financial education class requirements.

Asset-Specific Training

The other important component for the IDA program is the asset-specific training required by most funders. This training gives IDA clients the opportunity to learn and/or discuss the future asset they will purchase through the IDA program. For clients purchasing their first home, a homebuyer training can assist them in thinking through the mortgage process, homeownership, etc. A small business training course can assist a client in expanding or starting a small business and with the development of a business plan. And, meeting with a counselor at a college or university to put together an education plan can assist a client in maximizing time and tuition dollars while attending a post-secondary educational institution.

IDA programs can provide the asset-specific training themselves, or they can partner with other community organizations, financial institutions, businesses or educational institutions to provide these trainings. It is important to look within your community for potential partners. As previously mentioned in the section on Community Partnerships, partnering with other organizations that specialize in different activities can assist IDA programs with moving their IDA clients forward. There are many potential partners in community colleges, other nonprofit organizations, Small Business Centers, etc. Look around your community and try to figure out if there is an organization that is known for homebuyer education, or small business development. If there are organizations that are already well-respected for their work in these areas, then they could be a potential partner for the asset-specific training. If there are no relevant programs already existing for the asset-specific trainings in your community, then it might be worth the time to sit down with other organizations that have similar clients to see if you could partner with them to start a program in your community.

FUNDING

Multiple/Concurrent Grants

Most funders have specific timelines for funding use for IDA programs (i.e. AFI is 5 years). The average timeframe is between 2-5 years from the funder, but many programs say it usually takes an IDA participant an average of 3 years to successfully complete the program. The three-year timeline can be a good figure to keep in mind if you are writing a funding proposal. Since funding is time sensitive, IDA programs have the opportunity to apply for funding during a current grant in order to make sure that

there are no funding gaps. If you are considering or are currently managing multiple or concurrent grants for an IDA program, below are a few techniques that might help with the transition.

- Keep all records of the two grants completely separate- different participants, different labeling in the database depending on which grant the participant is under, different accounts, etc. By keeping all of the records of each grant separate, it is easier to maintain accurate records while being able to easily report official numbers and statistics for each grant.
- Have enough overlap of grants to ensure that you can rollover eligible participants to the new grant before the old grant ends. This will ensure that you have the appropriate funding to cover those currently saving in the program at all times.
- Set a specific cut-off date for enrolling new participants into an existing grant. Be sure that there is adequate time and funding for every participant that enrolls into your program to be successful in the program. Leaving too little time to save or not applying for a second grant to carry participants over can hinder the ability for IDA participants to be successful and can harm the integrity of the program. Word of mouth is a great marketing tool for IDA programs, so ensure that the participants' success is at the forefront of all funding timelines and decisions.
- Use as much of the latest funding as possible by placing all eligible participants in the current grant. One way to encourage more successful program completions within a current grant is to add in a special program (i.e. Express IDA program, or a higher match rate for a short period of time). Since the incentive of the match is one of the reasons that individuals and families get involved in these programs, there is a great opportunity to encourage savings and program completion by offering a special one year program that will help individuals and families save and receive additional match which in turn will spend down the grant before the deadline. An example would be to put together an Express IDA program that will give a 4:1 match up to \$1,000 of savings for a one year period of time. All of the rules and regulations of the program will still be intact, but the outcome of the period will provide additional match. This might encourage more families to reach their savings goals during that time and possibly purchase an asset.

Moving Participants Between Grants

IDA programs that have multiple or concurrent grants will have the opportunity to move participants between grants. The key to successful grant transitions is to make sure that the rules and regulations of the funding source(s) allow for participants to be moved between grants, and be sure that each and every participant is eligible for that particular grant. If you have done that, then below are a few pros and cons of moving participants between grants.

- Moving participants between grants allows the program to spend more of the grant before completion of the grant deadline, or can give IDA participants an opportunity to save longer and

be able to reach their goals. This is an internal program matter so policies should be in place to guide program staff for a smooth transition.

- It can be difficult to keep track of which participants are in which grant if there is a lot of movement taking place. The program has to maintain perfect records of the IDA participants and their match funds at all times. A good database system can help remedy this challenge.
- Funding requirements change so it is possible that not all participants will be eligible to move to a new grant from an old or existing grant. This can be a potential challenge if some IDA participants can be moved to receive more time to complete the program while other individuals and families cannot. Note: the eligibility requirements can be those of a federal funder (i.e. AFI) or can even be for those of a non-federal funder (i.e. financial institution, private foundations, etc.) The participants need to be eligible for ALL of the funding requirements for each grant, and they have to meet all of the program completion requirements too (i.e. saving for six months, minimum savings amount, etc.).

Fundraising

Texas IDA programs are funded by a variety of financial institutions, foundations, and local or state entities as well as the Assets for Independence (AFI) Program, Office of Refugee Resettlement (ORR), or other federal agencies. A list of potential IDA funders can be found in both Appendix B and C.

The list of potential funders will provide the names of organizations that have funded IDA programs in Texas. Other sources of funding can be found in local communities. Asking current partners, financial institutions that your organization has a relationship with, and local businesses, corporations, and foundations that provide funding in your area are a great place to start when looking for IDA match money.

Financial Empowerment Centers and Connecting IDAs with Other Asset-Building Programs

IDA programs are tools proven to be successful at helping families and individuals increase their financial stability and ultimately get out of poverty. The effectiveness of the IDA program depends on the sustainability of the program, which given the cost to operate can be difficult to sustain long term. With the average savings time being three years, long-term sustainability is crucial for a successful IDA program. One way to help sustain an IDA program in your community is to combine the IDA program with other asset-building activities. IDAs work best when not a stand-alone program but as part of a broader asset-building program. One-stop financial empowerment centers are a great way to combine IDA programs with other asset-building activities that can help offset the costs for the organization while allowing IDA participants to take part in other activities that will help them to save and increase their financial stability. Examples of some of the other asset-building activities included in these centers are: financial education classes, asset-specific trainings, free tax preparation and EITC opportunities, credit counseling, financial coaching, and access to short-term loan alternatives.

OTHER TYPES OF MATCHED SAVINGS OR COLLEGE SAVINGS ACCOUNTS

If an IDA program will not fit your community needs, there are several other options of matched savings programs available particularly to help families and individuals save for education. There are Children's Savings Accounts (CSAs) and there are a number of 529 college savings options in Texas that will help families save for college.

Children's Savings Accounts (CSAs)

The newest type of matched savings program are those established to help families save toward a child's post-secondary education. Children's savings accounts are a special type of matched savings account designed to help families save toward college. These accounts can be opened at birth or anytime up until middle school. Some CSA programs will offer a savings match to eligible families to go toward the ultimate purchase of a post-secondary education. The Texas Save and Match component to the Texas 529 program is the only CSA matching program available in Texas on a statewide level. The Comptroller's office launched the Texas Match the Promise Foundation Matching Scholarships Contest on September 1, 2012 to encourage families to save for college by offering matching scholarships and tuition grants to participants in the Texas Tuition Promise Fund. For more information about the contest, visit <http://www.matchthepromise.org/>.

Texas 529 Programs

Another type of college savings program is the 529 Plan, which is a savings plan operated by a state or educational institution to help families save for future college costs. The 529 plan is named after Section 529 of the Internal Revenue code. There are three different 529 programs available in Texas: Texas College Savings Plan, Lonestar 529 Plan, and the Texas Tuition Promise Fund. The Texas College Savings Plan is sponsored directly by the State of Texas and is available to all U.S. residents. This savings plan offers a broad range of investment options which can be found at <https://www.texascollegesavings.com/>. The Lonestar 529 Plan is similar to the Texas College Savings Plan except that it is distributed by OppenheimerFunds Distributor, Inc. (www.lonestar529.com). The Texas Tuition Promise Fund is a Section 529 prepaid tuition plan which allows savers to lock in the cost of undergraduate college tuition. This protects savers against future tuition inflation. More information on the Texas Tuition Promise Fund can be found at <http://www.texastuitionpromisefund.com/>.

General College Savings Programs

There are a few pilot programs in Texas helping families save for their child's future educational expenses. One example is the Child Support for College (CS4C) Initiative. The goal of CS4C is to encourage long-term success for families in the child support system by assisting custodial parents receiving child support through the Office of the Attorney General-Child Support Division in opening a college savings account to pay for their child's future educational expenses and providing access to financial coaches. For more information on this initiative, visit <http://raisetexas.org/childsupportforcollegeinitiative/>.

TEXAS-BASED IDA RESOURCES

RAISE Texas has a variety of asset-building resources on its [RESOURCE WEB PAGE](#). Information includes results of our biannual statewide IDA surveys and an online interactive database that allows individuals and families to find IDA programs and other asset-building activities in their area. Many of RAISE Texas' official members have current IDA programs or have past IDA experience that can prove to be a good resource for a new or expanding IDA program. The following RAISE Texas Members can provide information and insight on IDA programs in Texas.

Foundation Communities- www.foundcom.org- has provided IDA accounts to low- and moderate-income individuals and families in the Austin area since 1998.

YWCA of Metropolitan Dallas- www.ywcadallas.org- has provided IDA accounts to low- and moderate-income individuals and families in the Austin area since 2004.

Covenant Community Capital Corporation- www.covenantcapital.org- has provided IDA accounts to low- and moderate-income individuals and families in the Greater Houston area since 2001.

Concho Valley Community Action Agency- www.cvcaa.org- is working to re-implement an IDA program for their clients.

El Paso Collaborative- www.ep-collab.org- has provided IDA accounts to low- and moderate-income individuals and families in El Paso County and the surrounding area since 2005.

West Central Texas Center for Economic Opportunity- www.unitedwayabilene.org- currently provides IDAs under the umbrella of the United Way of Abilene.

Central Texas Opportunities- www.ctoinc.org- will be providing College Savings Accounts beginning in June 2013.

Midland College BEDC- www.midland.edu/bedc - provided IDA accounts to low- and moderate-income individuals and families in Midland and Midland County from 2008-2011.

El Paso Affordable Housing CUSO- www.epcuah.com –provided IDA accounts to low- and moderate-income individuals and families in El Paso County from 2006-2011.

United Way of Southern Cameron County- www.liveunitedrgv.org - provided IDA accounts to low- and moderate-income individuals and families in Cameron County from 2005-2011.

NATIONAL IDA RESOURCES

Corporation for Enterprise Development (CFED) provides some tools and resources on their [website for IDA programs](#). CFED also hosts a biannual conference which brings together service providers and practitioners from all over the country to network, learn, and discuss IDAs and other asset-building activities that help families out of poverty.

The [IDA listserv](#) is also available from CFED for IDA practitioners across the country to have an easy way to discuss topics, ask questions, and gain insight from others in the field. To sign up for the IDA listserv visit http://cfed.org/programs/idas/ida_listserv/.

[Assets for Independence Program](#) has a [website](#) with detailed information on the AFI program and how to apply for an AFI grant, but also the [AFI Resource Center](#) is a great place to obtain valuable information for your IDA program.

Appendix A: List of Financial Institution Partners Currently Working with Texas IDA Programs

Greater Texas Federal Credit Union

First Bank of Baird

First Coleman National Bank

Wells Fargo

Capital One

BBVA Compass

Southwestern National Bank (past)

First National Bank

City of Waco Housing and Community Development

Extraco Bank

Community Bank

GECU

US Central

Community National Bank

First Financial San Angelo

Citibank

Bank of Texas (past)

Appendix B: Funders that have provided Operating Costs to IDA programs

Goodwill Industries

United Ways

Financial Institutions (Citi, Wells Fargo, Chase, Capital One, Bank of America, Community Bank, First National Bank of Central Texas, BVCAA, and Bank of Texas)

US Department of Housing & Urban Development (HUD)

Assets for Independence (AFI)

Texas Department of Housing and Community Affairs

Organizational Revenue

Appendix C: Match Money Funders

Goodwill Industries

United Ways

Assets for Independence Program

Bank of Texas, Extraco, Wells Fargo, Chase, GECU,

Foundations

Organizational Revenue

Cities and Local Government agencies

HUD

Texas Department of Housing and Community Affairs

Office of Refugee Resettlement

Appendix D: Financial Education Curriculums

There are many financial education curriculums available. Below is a list of curriculums that IDA programs and other community-based organizations use for their financial education programs. Some organizations use multiple curriculums and adapt them to their clients' needs. Other programs add sections onto the curriculum (i.e. a budgeting worksheet, or having a client track their spending for a couple weeks, etc.).

Organization	Program Title	Contact Information
Credit Coalition	"Fundamentals of Good Credit"	www.creditcoalition.org 713-224-8100
Federal Reserve Bank of Dallas	"Building Wealth"	http://dallasfed.org/ca/wealth/pdfs/wealth.pdf
Freddie Mac	CreditSmart	http://www.freddiemac.com/creditsmart http://www.freddiemac.com/creditsmart/espagnol
FDIC	Money Smart	http://www.fdic.gov/consumers/consumer/moneysmart/index.html
Fannie Mae	Home Path	http://www.homepath.com 1-800-7-FANNIE
Jr. Finance Literacy Academy		http://www.jrfinance.com/
Money Management International		http://www.moneymanagement.org/Education/
National Endowment for Financial Education (NEFE)	High School Financial Planning Program/ Project NEFE	http://www.nefe.org/EducatorsandFacilitators/tabid/88/Default.aspx

Appendix E: Sample Documents

The following sample IDA documents have been provided by current IDA programs in Texas.

[Sample Memorandum of Understanding \(MOU\)](#)

[Participant Financial Institution Release Form](#)

[Frequently Asked Questions](#)

[IDA Handbook Policies and Procedures](#)

[Application Information Request](#)

[IDA Application](#)

[Financial Services Application](#)

[IDA Account Procedure Notes](#)

[Savings Plan Agreement](#)

[IDA Savings Agreement](#)

[IDA Participant Handbook](#)

[Participant Termination Form](#)

[Enrollee Survey 2011](#)