

Individual Development Accounts

IDA's

FACT SHEET

Resources

Indiana Housing and
Community
Development Authority
(IHCD)
(800) 872-0371
(317) 232-7777
<http://www.in.gov/ihcda/2341.htm>

Federal Website

<http://www.cfed.org/programs/idas/>

IDA Success Story

<http://www.cfed.org/about/features/lburke/>

Center on Community Living & Careers

Indiana Institute on
Disability and Community
Indiana University
2853 E. Tenth Street
Bloomington, IN 47408
(812) 855-6508

<http://www.iidc.indiana.edu/index.php?pageid=18>

An IDA is a special savings account matched by federal and state dollars. The goal of the IDA program is to help low-income individuals and families build wealth as a path out of poverty.

What is an IDA?

- Individual Development Accounts (IDA's) are matched savings accounts designed to help low-income families save money

Who is eligible for an Indiana IDA account?

- Individuals with income less than 175% of Federal poverty guidelines
- Have a job and earn income

How can an IDA help someone who works?

- IDA's allow individuals who work to set aside money for financial goals such as buying or rehabbing a home, paying for training or education, or for starting or expanding a small business.
- Funds set aside in IDA accounts usually do not count against the monthly earning limits of TANF and Social Security programs

How does an IDA work?

- The account holder agrees to deposit at least \$400 each year
- The amount is matched usually 1 to 3, but can go higher
- There is a maximum that can be matched
- The holder must participate in the program for a period of time—usually 3 years before the money and the match can be spent.
- Financial education requirements—participants are required to attend financial education classes.

Interested in setting up an IDA savings account?

- For help with setting up an IDA's account contact your local housing agency or community action program that helps low-income people
- Use the IHCD SSA 800 number or website from the left column of this FACT SHEET to find a local contact number for your area

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IDA Savings and Match Examples

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An IDA is a special savings account matched by federal and state dollars. The goal of the IDA program is to help low-income individuals and families build wealth as a path out of poverty.

IDA examples: In total, the state cannot match more than \$1600 in savings at a 3:1 rate.

- **Example 1:**

Y1 - \$400 Savings; matched \$1200 (\$400 *3)

Y2 - \$600 Savings; matched \$1800 (\$600 *3)

Y3 - \$800 Savings; matched \$1800 (\$600 * 3)

Year 3 only matched \$600 of the participants \$800 in savings as, the program can NEVER exceed matching over \$1600 (\$400 *4) in participant savings.

Total Savings: \$1800/Total Match: \$4800

- **Example 2:**

Y1 - \$400 Savings; matched \$1200 (\$400 *3)

Y2 - \$800 Savings; matched \$2400 (\$800 *3)

Y3 - \$400 Savings; matched \$1200 (\$400 *3) – NOW GRADUATED

Total Savings: \$1600/Total Match: \$4800

- **Example 3:**

Y1 - \$800 Savings; matched \$2400 (\$800 *3)

Y2 - \$800 Savings; matched \$2400 (\$800 *3) – NOW GRADUATED

Y3 - \$400 Savings; matched \$0 (already matched \$1600 in years 1 &2)

Total Savings: \$2000/Total Match: \$4800

- **Example 4:**

Y1 - \$1000 Savings; matched \$2400 (\$800 *3)- CAN'T EXCEED in matching more than \$800 in participant funds in one year

Y2 - \$800 Savings; matched \$2400 (\$800 *3) – NOW GRADUATED

Total Savings: \$1800/Total Match: \$4800

- **Example 5: Traditional**

Y1 - \$400 Savings; matched \$1200 (\$400 *3)

Y2 - \$400 Savings; matched \$1200 (\$400 *3)

Y3 - \$400 Savings; matched \$1200 (\$400 *3)

Y4 - \$400 Savings; matched \$1200 (\$400 *3) – NOW GRADUATED

Total Savings: \$1600/Total Match: \$4800

*Examples courtesy of Jacqueline Troy, IDHCD IDA Program Administrator