

Individual Development Accounts (IDAs): Frequently Asked Questions

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program?

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1) What is an Individual Development Account (IDA)? ▲

An Individual Development Account, also known as an "IDA," is a savings account for low-income workers that can be used for small-business development, higher education, or the purchase of a first home. Each time you make a deposit, the IDA program contributes an additional deposit called a "match." Most IDA programs have a match of one to four times the size of the deposit you make. So for an IDA with a 2:1 match, each time you deposit \$25, you get an additional \$50 toward your savings goal.

2) Who is eligible for an Individual Development Account (IDA)? ▲

Each IDA program may have slightly different eligibility requirements. Generally speaking though, the following will apply:

- Your annual income must be within 200% of the [Federal Poverty Level](#) (\$20,800 for an individual, \$28,000 for a couple). In some cases, you may qualify if your income is 65-85% of the median income in your area.
- You must have earned income. For an IDA that is funded by [Temporary Aid to Needy Families \(TANF\)](#) or the [Assets for Independence Act \(AFIA\)](#), this means income from work. IDAs that receive funding from other organizations and agencies may have slightly different earned income requirements and allow for income from other sources.

Many IDA programs also have asset and credit history restrictions. Once you're enrolled in an IDA program you must take free financial education training.

3) What if I lose my job while enrolled in an IDA? ▲

Most IDAs allow a six month grace period if you lose your job while enrolled in the program. As long as you find a new job within six months, you'll likely be able to maintain your IDA.

4) How long can I keep my IDA account open? ▲

Most people keep their IDA account open for one to three years.

5) For what purposes can I use an Individual Development Account (IDA)? ▲

IDAs that are funded by [Temporary Aid to Needy Families \(TANF\)](#) or the [Assets for Independence Act \(AFIA\)](#) can be used for three purposes:

- developing a business;
- investing in higher education; or
- purchasing a first home.

IDA programs that are funded by other sources may allow you to save for other

purposes like buying a car or computer. Check with the specific IDA program you wish to participate in for further details.

6) What will I be required to do once I've been accepted into an Individual Development Account (IDA) program? ▲

Once accepted into an IDA program, you will be required to take financial education training. This training will provide information on how to:

- Reduce your debt;
- Develop a savings plan;
- Prepare for your savings goal;
- Research your credit history;
- Choose banking options;
- Invest; and
- Manage money.

You may also take workshops related to your savings goal. Training may be in the form of one-on-one counseling, classroom training, peer support, or online training.

7) What is the process for participating in an Individual Development Account (IDA) program? ▲

First, you need to determine whether or not you want to pursue an IDA and what your goal is. Then, you will need to locate a program in your area. You can use the IDA Directory at www.idanetwork.org to find one near you. Next, you will need to attend an orientation meeting to find out about the program and verify your eligibility.

Once accepted into the program you will open a savings account at a bank that is tied to the IDA organization. When you have reached your savings goal, you'll be allowed to start withdrawing money from the account to spend on your goal.

8) Are there any medical eligibility requirements to enroll in an Individual Development Account (IDA)? ▲

No. Disability status is not required to participate in an IDA program. IDAs are offered to anyone who can meet the eligibility requirements.

9) How do I locate an Individual Development Account (IDA) program? ▲

There are more than 250 IDA programs nationwide. You can use the IDA Directory at www.idanetwork.org to find one near you. You may also find IDA programs listed in the Yellow Pages.

If you have a hard time finding an IDA program in your area, contact the [Access to Assets](#) Program at the [World Institute on Disability](#) (phone: 866-723-1201 or email: tom@wid.org).

10) Can I qualify for an Individual Development Account (IDA) while receiving Supplemental Security Income (SSI) or Medi-Cal benefits? ▲

Yes. But you should enroll in an IDA that is funded by [Temporary Aid to Needy Families \(TANF\)](#) or the [Assets for Independence Act \(AFIA\)](#). If you enroll in an IDA program that is funded by some other source, you could lose your [Supplemental Security Income \(SSI\)](#) or [Medi-Cal](#) benefits.

11) Can I participate in a Plan for Achieving Self Support (PASS) and an IDA at the same time? ▲

Yes. An IDA can be a part of your [PASS](#) plan. The only requirement is that your goal for each program be the same. One of the benefits of using the two together is that it allows you to set up an IDA that is not funded by [Temporary Aid to Needy Families \(TANF\)](#) or the [Assets for Independence Act \(AFIA\)](#) *without jeopardizing your Supplemental Security Income (SSI) or Medi-Cal benefits.*

12) If I'm receiving Supplemental Security Income (SSI), do I need to tell Social Security about my Individual Development Account (IDA)? ▲

Yes. You should ask your IDA caseworker to write a letter stating that you can participate in the IDA program without losing your [SSI](#) benefits. The letter should specifically mention the "Exclusions Under Other Federal Statutes" clause. You should take the letter to Social Security for documentation and keep a copy of it for yourself.

13) Can I qualify for an Individual Development Account (IDA) while I am eligible for Social Security Disability Insurance (SSDI)? ▲

Yes. There are no asset restrictions for [SSDI](#) recipients who want to participate in IDA programs. However, your earned income is still subject to the [SSDI work rules](#).

14) How do I stay enrolled in an Individual Development Account (IDA) program? ▲

Each IDA program has different requirements for remaining in their program. Participants are responsible for attending an orientation, completing financial education training, keeping in contact with their caseworker, and completing their savings goal. As long as you follow your savings plan, you should remain enrolled.

15) Is there a savings cap on IDA accounts? ▲

Yes. Most IDA programs only allow you to save a certain amount of money in your account—often \$4,000 to \$6,000. This includes the money you deposit as well as the matching funds. Once you reach the limit, you won't be allowed to deposit any more money.

16) How do I apply for an IDA program? ▲

Contact an IDA program in your area to find out if they are currently accepting applications. You can use the IDA Directory at www.idanetwork.org to find one near you. Some programs may have waiting lists. Even so, you may be able to begin the process by taking financial literacy training while waiting for a space to open up.