



Policies and Procedures

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Mission & Vision

The mission of the Utah Individual Development Account Network (UIDAN) is to create opportunities for low income Utahns to increase their net worth with matched savings accounts used to purchase a productive asset and develop skills for self sufficiency.

The vision of the Network is to promote economic stability in local communities through asset building for low income Utahns.

UIDAN values justice and believes that poverty is primarily caused by economic factors and that solutions to poverty are found by encouraging asset building through savings, homeownership, microenterprise and higher education and training.

UIDAN values the dignity and inherent worth of all individuals and believes that all people have the right to accumulate assets.

UIDAN values the knowledge gained from the experience of those who live in poverty and believes that providing financial fitness opportunities will encourage individual fiscal responsibility and permanent habits of saving.

UIDAN values accountability and integrity among all parties and is committed to treating clients and coalition partners with respect and fairness.

UIDAN values mutual/community responsibility, and believes that long-term solutions to poverty require the collective involvement of individuals, families, communities, economic and government systems.

Description of the Network

UIDAN is a coalition of diverse organizations working together under the coordination of AAA Fair Credit Foundation (FCF) to provide Individual Development Accounts to low and moderate income Utahns. Network members include representatives from nonprofit community based organizations such as 501(c)3s and government entities, financial institutions, the business community, educators, consumer credit agencies, public policy makers, low- and moderate-income people and private citizens interested in long term solutions to poverty.

The Utah Individual Development Account Network's roles and responsibilities are clearly developed and determined based on the partner organization's unique core competencies. There are four key elements:

1. **Financial Education and ongoing financial counseling** – provided by UIDAN's host agency FCF and community partners
2. **Financial Institutions** that house the matched savings accounts and provide technical assistance
3. **Community based partners** who have strong credibility and ongoing relationships with low income Utahns
4. **Network Management** – FCF coordinates the statewide program through its UIDAN program

AAA Fair Credit Foundation provides oversight for UIDAN through its elected Board of Directors.

Match Rate and Qualified Withdrawals

UIDAN will match saver's savings at a rate of 3:1. IDA savers will create a monthly savings goal and identify an asset purchase goal when they begin saving. IDA savers are expected to save at their goal rate each month. In the event of an emergency, savers are required to contact their financial counselor and follow procedures outlined in the policies and procedures manual.

Savers save a maximum of \$1500 over a 12-36 month savings term. The minimum monthly savings amount is \$15; the maximum is \$62.50. At the end of the savings term, the money goes directly to the vendor for the asset purchase specified in the saver's savings plan agreement and the individual asset plan.

Qualified asset purchase includes:

- First home
- Accredited post secondary education including vocational training
- Small business start up or capitalization

Account Structure

- Saver's accounts are joint signature accounts with the AAA Fair Credit Foundation
- Savers make monthly deposits at their participating bank
- The financial institution shall pay at least a market rate of interest on the individual development accounts
- The financial institution shall not require an account holder to make any purchase or enter into any commercial transaction with a specific individual, business, financial institution or other entity
- Match Money accounts are held separately

Savings Plan

Individual Savings plans will be determined in consultation with the financial counselor after successful completion of the personal financial management training. A Certified Personal Financial Counselor will assist the saver to determine a realistic monthly savings amount and a specific asset goal.

Savers will save \$15 to \$62.50 per month for 12- to 36 months to a maximum of \$1500.

Saver Requirements

- Be at least 18 years old
- Living in Utah for at least 3 months prior to application
- Earned income
- Net assets that do not exceed \$10,000.00 excluding one car and one home
- Income at or below 200% of the Federal Poverty Level

Eligible income that will be considered for total income

- Money, wages and salaries before any deductions
- New receipts from non-farm or farm self-employed receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses
- Regular payment from Social Security Administration (gross benefits), railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veteran's payments, public assistance, training stipends, alimony, child support and military family allotments
- Private pensions, government employee pensions (including military retirement pay)
- Dividends, interest, net rural income, net royalties and periodic receipts from estates or trusts

A household must meet the income requirement for three months before they are accepted into the UIDAN savings program. If during the time of saving the family's income increases that increase will not effect their participation in the UIDAN. The following documents are acceptable for income verification:

- Copies of paychecks or pay stubs
- Written statements from employers
- Letters or other documents from income sources, if dated within the last 30 days
- If self-employed, accounting and other business records showing net income
- Most recent tax return
- Other documents the program site has reason to believe will verify the income of the household member

Income Exclusions

- Capital gains
- Any assets drawn as withdrawals from a bank, the sale of property, a house or a car
- Tax refunds, gifts, loans, lump sum inheritances, one-time insurance payments, or compensation for injury
- Non-cash benefits such as employer paid or union paid portion of health insurance or other employee fringe benefits, food or housing received in

lieu of wages, the value of food and fuel produced and consumed on farms, the imputed value of rent from owner-occupied non-farm or farm housing, and federal non-cash benefit programs such as Medicare, Medicaid, food stamps, school lunches, housing and other emergency assistance

- Any portion of Social Security benefits deducted to pay Medicare premiums that will not be reimbursed

Application Review

Prospective applicants have one year after completion of personal financial management classes to complete the application. Applications are in electronic format. UIDAN will distribute paper applications, upon request.

Once the application has been submitted applicant has one month to submit all supporting documents.

The purpose of the application review is to

- Determine eligibility to participate in the program
- Identify any potential barriers to successfully completing the program and make appropriate referrals

Application Supporting Documents

- Supporting documents include the following:
 - Documentation of income at or below 200% of poverty level
 - Proof of household income (outlined on pg. 4):
 - Current checking and savings bank statements, retirement, stocks, bonds and other investment statements (need past 3 months of each item)
 - Most recent tax return
 - Completed household spending plan that includes IDA savings
 - Credit report dated within the last quarter

Application Approval

- A decision will be made within 2 weeks of receipt of a complete application
- Saver must complete UIDAN program documents and open their account within **2 weeks** at an authorized financial institution

Emergency Withdrawal Policy

In order to be eligible for an emergency withdrawal, savers must have been enrolled in the program for at least six months and shown good progress in meeting their savings commitment. If they have not met these criteria they can be removed from the program.

After 6 months of IDA savings, savers are allowed one opportunity within a 12-month period to withdraw all or some of their savings from their IDA account.

Savers are required to discuss their situation with UIDAN staff and assess options. The following procedures are followed in cases where an emergency withdrawal is approved.

Emergency Withdrawal Uses:

Emergency withdrawals will only be approved when, in the judgment of the program staff, the IDA funds are necessary to:

- Prevent eviction of a saver or saver's family from their residence
- Prevent foreclosure on a saver's primary residence
- Pay for critical health care services for a saver or a saver's family member
- Pay for critical living expenses, such as food supplies or utility expenses, following a saver's loss of employment

Amount of Emergency Withdrawals:

A minimum balance of \$15.00 is required when an emergency withdrawal is made. Withdrawals **will not** include matched funds.

Alternatives to emergency withdrawals:

In the event the saver's request to make an emergency withdrawal is not approved, the saver may choose to:

- Make do without the emergency withdrawal and continue participation in the program
- Withdraw from the program and receive a full refund of all IDA deposits and interest, but forfeit all matching money

Those who have withdrawn from the program may submit a request to re-apply after 3 months. Applicants will be required to repeat the personal financial management class if they have been out of the program for 12 months

Emergency Withdrawal Request Procedure:

IDA savers who are in need of an emergency withdrawal should follow the following procedure:

- Submit a letter of request with reasons for withdrawal to program staff
- Review alternative strategies to resolve the problem
- If the request is approved, develop a revised savings plan that will allow withdrawn amounts to be re-deposited in 6 months
- Make arrangements with UIDAN staff for the withdrawal of funds from the participating financial institution

Leave of Absence

Savers who have been enrolled in the program for at least 6 months and are in good standing who are unable to make deposits may request a leave of absence for up to 3 months. Leave of Absence request forms are available by contacting UIDAN. Savers are required to discuss their situation, including a budget review, with UIDAN, assess repayment options and obtain written approval from UIDAN staff. Arrangements to resume saving must be made prior to the end of the three months.

Missed Deposit Policy:

Savers are required to communicate with UIDAN if they face an emergency and are unable to deposit. Savers who miss more than 3 deposits, will be considered for termination.

The following procedures will be used for missed deposits:

- First missed deposit: a friendly contact will be made and documented regarding the reason for the missed deposit and suggestions will be made regarding consistent saving's techniques
- Second missed deposit: the financial counselor will review budget, make recommendations for improvement and place them on probation¹ and review emergency leave policy, as needed
- Third missed deposit: Three consecutive missed deposits will result in automatic termination from the program. Non- consecutive missed deposits will be evaluated by the UIDAN staff for termination

¹ Probation status means that saver will be terminated after one more missed deposit unless special arrangements are made with the State Director.

- Final decision for termination from the program will be made by State Director or President and CEO of AAA Fair Credit Foundation in his/her absence
- All communications with the saver will be saved in the savers file

Voluntary withdrawal from program

Life circumstances such as unemployment, medical emergency, change of marital status, etc. may require a saver to voluntarily withdraw from the program.

Savers in good standing prior to the emergency who require more than 3 months of leave, may petition to reapply after 3 months.

Reasons a Saver can be Terminated:

- Fraud or intentionally reporting inaccurate or misleading information
- Three missed deposits
- Relocation outside of Utah

After 12 months a saver is eligible to reapply to the program if they can demonstrate that circumstances allow them to succeed in the program.

Steps for Completing Termination:

A letter is sent to the saver announcing his/her termination from the program with specific reasons. Letter informs the saver that they have forfeited any rights to the matching money as a result of termination.

Processing of Request for Matched Funds:

Saver must:

- Request withdrawals no less than **2 weeks** in advance
- Save for at least 12 months
- Use all matched funds within 3 months of the end of the savings term
- Complete asset specific training
- Submit a copy of the qualified withdrawal request form to UIDAN
- Send a copy of vendor check to UIDAN

UIDAN will:

- Verify all conditions have been met and authorize withdrawal
- Write match check to the vendor.

Grievance Process:

AAA Fair Credit Foundation offers a process for any participant who has a grievance in regards to the UIDAN. You must contact the UIDAN Program Manager at AAA Fair Credit Foundation if you have a grievance.