



2018 Individual Development Account Information

These special savings accounts can provide a great way to finance post-secondary education or start-up or expansion of a business. If you meet income and net worth guidelines, you can use an Individual Development Account to triple your savings through donated matching funds.

What is an IDA?

The Individual Development Account (IDA) is a special savings account to help individuals of modest finances save money to invest in post-secondary education or a business. The IDA program is a 3-to-1 matched savings program. This means that for every \$1 you save, the program will match it with \$3. Once you reach your savings goal, the money may be spent on your business or for education or training at an accredited institution. In addition to saving money, participants learn about financial management and planning through free, required classes facilitated by NEOEDD. Business owners will learn important skills such as cash flow, financial management, and marketing. Education participants will prepare information on their course of study/training and how it relates to their future goals. The objective of the IDA program is to encourage a habit of saving money in order to increase future earning potential.

What may I use IDA funds for?

IDA funds may be used for business expenses such as fixed assets (equipment, buildings, vehicle, etc.) or working capital or training (rent, inventory, specialized training, etc.). IDA funds may also be used for educational expenses from an accredited post-secondary education or training program.

You may *not* pay yourself or relatives, pay past debts (purchases made with credit cards or other loan products) or pay for trips or home improvements. Funds are paid directly to vendors who sell you the items or services or education/training. Funds must be spent in increments of at least \$500, so they aren't appropriate for making smaller purchases unless those purchases are made from the same vendor at the same time.

Are there limits to the amount I may save?

Yes. The amount varies depending on what you are saving for and how long you want to save. You must save at least \$25 a month and you must save for a minimum of 6 months, up to a maximum of 36 months. You may not earn match on more than \$1,000 in any 12-month period.

If you're saving for post-secondary education, you may save up to a total of \$3,000. This would be matched by \$9,000, for a total of \$12,000 to pay for educational expenses at an accredited education/training institution.

If you are saving for business working capital only (rent, inventory, marketing, website, etc.), you may save up to a total of \$1,000. This would be matched by \$3,000, for a total IDA of \$4,000 available to invest in operating expenses for your business. If you are saving for a business fixed asset (equipment, buildings, vehicle, etc.) you may save up to a total of \$3,000. This would be matched by \$9,000 for a total IDA of \$12,000 available to invest in your business. NEOEDD staff will help you create a savings plan and timeline that fits your ability to save and your goals.

How do I qualify for an IDA?

You must be 12 years old or older and able to open a bank account. Household net worth must be equal to or less than \$20,000 (not including a home, vehicle or \$60,000 of retirement savings). You must have income, and proof that household income is at or less than what is shown in the Household Income Qualification table

below. If you are saving to start a business, it is helpful to have a business concept and an idea of what you may want to spend your IDA on.

How do I prove my household income/net worth?

NEOEDD staff can help you figure out your net worth. Household income includes the combined income of every person in the household. Your household includes everyone that you live with or report as a dependent on your income tax return, regardless of whether or not they are related to you. The following are examples of household income: taxable wages, salaries, tips, net earnings from self-employment, gross income as a statutory employee, Social Security, Social Security Disability Income, and Temporary Aid to Needy Families.

Net worth is determined by subtracting the total of all of the household debts (loans, medical debt, past due bills, etc.) from the total market value of all household assets (savings, retirement, property, etc.), excluding your home, most expensive vehicle, and \$60,000 of retirement savings. You will also need to show proof of current household income. This could be your federal tax return, or in the case of dependents, your parents' tax return. This could be paycheck stubs and/or unemployment statement. Refer to the table below for income and eligibility guidelines. Example: To qualify, a household of two adults and two children (household of four) would need to have income at or below \$50,100 (Adjusted Gross Income) per year.

Persons in Family or Household	Yearly Income for Oregon IDA Eligibility
1	\$38,700
2	\$44,250
3	\$49,800
4	\$55,300
5	\$59,750
6	\$67,480
7	\$76,120
8	\$84,760

What are the steps to open an IDA account?

Once NEOEDD staff determine you are eligible, you'll complete an IDA application worksheet, provide proof of income (copies of tax return, pay stubs, etc.), and pay a \$25 application fee.

How/when do I spend my IDA savings and match?

Before making your first withdrawal of funds, you will be required to make deposits into your IDA savings account for at least six months and complete a financial literacy course provided free by NEOEDD. If you have a business IDA, you will also be required to complete a business planning class (21 hours) and a written business plan with cash-flow projections. Education IDA participants must complete an education plan. NEOEDD can provide assistance as you complete your plan. Once your plan is approved, you will be sent forms to withdraw funds to make your purchases. Receipts are required for all purchases. If you miss three monthly deposits in a six-month period, you may be terminated from the program.

Where do the matching funds come from? The IDA Initiative is supported by funding from the Oregon IDA Tax Credit. The Oregon IDA Tax Credit allows anyone to support IDA participants and receive a 75% credit on their state tax return. For more information, go to <http://ida.neighborhoodpartnerships.org>

Need more information?

Las formas están disponibles en español.

Contact NEOEDD at www.neoedd.org, 541-426-3598 or 800-645-9454. Or email one of our staff: saramiller@neoedd.org kristyathens@neoedd.org lisadawson@neoedd.org