



## ***Individual Development Account (IDA) Program*** Questions Frequently Asked by Prospective Participants<sup>i</sup>

### ***What is an "IDA"?***

IDAs, or Individual Development Accounts, are special matched savings accounts designed to help families and individuals of modest means establish a pattern of regular saving and, ultimately, purchase a "productive asset." A "productive asset" is something of value that is likely to return substantial long-term benefits to its owner-- benefits like security, stability and opportunities for more income. *South Carolina IDA Program* participants may use their savings and match money toward any of three productive assets: a home, a small business or a post-secondary education.

### ***What is a "savings match?"***

A "savings match" is a promise to supplement an IDA participant's savings deposits at a specific rate; in other words, a 3:1 savings match means that for every dollar a *South Carolina IDA Program* participant saves, he or she will have another 3 dollars added to his or her total account balance!

### ***Why would anyone give away money like that?***

Savings matches are not "giveaways." Participants *earn* savings matches by saving their own hard-earned dollars and taking other steps to prepare for the future, like attending personal finance workshops. Furthermore, providing match dollars is a way to help hard working low-income families and individuals build a more stable and secure future. Everyone benefits when more members of a community have the tools they need, the *productive assets*, to provide for themselves and their families. This same thinking has been behind government initiatives like the Homestead Act of the nineteenth century and the GI Bill following World War II.

### ***Is there more to an IDA Program than just savings matches?***

Absolutely! Most people need more than just cash to become successful homeowners, entrepreneurs or college or vocational school students. For this reason, participants in the *South Carolina IDA Program* attend both personal finance and money management workshop series and a special asset-specific preparation program. These workshops are designed to help participants acquire or polish the personal and financial skills that are essential for long-term success, skills like long-range planning, household budgeting, credit repair and savvy consumer habits.

### ***Who is eligible to participate?***

The *South Carolina IDA Program* is open to individuals or families who meet two criteria:

**Income Eligibility and the Net Worth Test.** Income eligibility requires the applicant to have income below 200% of the Federal poverty limit. The Net Worth Test (assets minus liabilities) verifies that the applicant's net worth is below \$10,000. Please use IDA Form 1200, Income Eligibility Verification, to verify both criteria.

Income eligibility is further defined to mean income that is earned from employment. Persons receiving SSI for a disability or from the death of a parent are not eligible. Earned income that averages at least \$25 per month; earned income can come from traditional wages or from some form of self-employment.

### ***What is required of IDA participants?***

IDA participants are asked to commit to:

- make monthly savings deposits of at least \$25
- save in the program for at least 6 months
- attend a personal finance and money management workshop series
- participate in asset-specific ownership preparation training
- willingness to share your IDA story of success with others

### ***Where are savings deposited?***

The *South Carolina IDA Program* has enlisted *First Reliance Bank* as their financial institution partner. Program participants establish special IDA savings accounts, jointly owned by *East Cooper Community Outreach* and individual participants. IDA accounts will not be assessed any monthly service fees and will be insured by the FDIC, FSLIC or FCUIC for up to \$100,000 per account.

### ***What about making savings withdrawals?***

Because IDAs are intended to help people purchase productive assets, withdrawals for non-asset uses are strongly discouraged. However, in certain emergency situations, program participants may withdraw some of their savings before they are ready to purchase their chosen asset goal. Such withdrawals would *not* include savings matches. And, of course, participants are always free to close their accounts, withdraw from the program and receive all of their savings and earned interest.

### ***How do participants receive match funds?***

Matched funds will be made available to participants when they are ready to purchase an asset. At that time a vendor check will be issued directly to the company, institution or individual furnishing all or a part of a participant's asset goal (a mortgage company, home inspector, wholesale supplier or community college, for example).

### ***How can I apply to participate?***

Anyone interested in finding out more about the *South Carolina IDA Program* should contact Lyndsi Holst, ECCO's Empowerment Program Manager at East Cooper Community Outreach at 843-416-7138 or by email: [lgibson@ECCOcharleston.org](mailto:lgibson@ECCOcharleston.org).

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