

Commonly Asked Questions

Q. What is an IDA?

A. 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 “qualifying asset.”

A “qualifying 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. The qualifying asset for the SSIP is the purchase of their first home.

Q. What is a “savings match?”

A. A “savings match” is what your IDA provider will deposit into your account when you make a deposit. The SSIP will deposit \$3 For every \$1 that you save in your IDA, up to the maximum amount.

Q. How much match money can I earn and how much can I save for buying my home?

A. Matching funds of up to \$9,000 per IDA can be earned allowing Participants to save up to \$3,000. Participants who save the maximum amount will have a total of \$12,000 to put toward the purchase of their first home.

Q. How long can I save for?

A. Participants must save for at least 6 months and no more than 36 months. After the participant reaches their savings goal, they must purchase their home within 6 months. Participants are encouraged to continue to save

Q. Why would I want to participate in an IDA program?

A. Common motivators:

- I want to learn how to save and budget.
- I am determined to open a bank account and improve my credit score.
- I really want to buy a house and become more stable.
- I heard that someone else did it and they really were successful.
- I know I can, I just don’t know how.
- I want to set a good example for my family and my children
- I want to contribute to my community in a positive way.

Q. What are the basic requirements to join the program?

A. They are really simple;

- Enrolled Siletz Tribal Member, and;
- Have household income that does not exceed 80% of the area median income, and;
- Be 18 years of age or older, and;
- Be able to open a bank account or, with program assistance, be able to open one, and;
- Not have over \$20,000 of household net worth, such as savings or collections, and;
- Be a first time homebuyer, and;
- Live in the Siletz eleven county service area , and;
- Be very MOTIVATED!!!

Q. What is required of IDA participants?

A. IDA participants are asked to commit to:

- Make regular savings deposits (the amounts are determined on an individual basis)
- Attend a 4-5 week Financial Education Course
- Participate in monthly Asset Specific Savings Clubs
- Work with a Case Manager on an on-going basis
- Support one another through on-going peer support meetings

Q. What are the tax implications of an IDA for the IDA Participant?

A. The tax implications are as follows:

Income tax is already paid on the funds in Participants' IDAs since deposits into IDAs are made with after tax income. Interest earned in the Participant's account is considered income to the account holder and is therefore taxable to the Participant in the year it is earned. However, many low-income families and individuals may, in fact, not pay any income tax in a particular year because their income is below the minimum level.

The match money is considered a gift at the time it is paid out to purchase the eligible asset. It is NOT taxable income to the Participant. In addition, donations to an IDA provider (a 501 (c)(3) organization) are tax deductible to the donor as allowed by law.

Q. What if I have had problems opening a bank account in the past?

A. This program may be able to help you. If you are willing to settle your debt with the bank, they may allow you to open an account. The banks that partner with CTSI to make this program possible have an understanding that may allow them to help you with an account.

Q. What if my credit isn't perfect, can I still participate?

A. Probably. It depends on how determined you are and if you want to improve your score. This program is designed for those who don't have perfect credit and want to change their financial habits to improve themselves.

Q. Can I join the program anytime?

A. Yes, you may apply any time, however the financial education will be offered annually. You must take the initial financial classes to be able to open an IDA account.

Q. Is there a fee to apply to the IDA Program?

A. Yes, there is a \$60 fee to apply that is due with your application.

Q. Can my wife and I both participate at the same time?

A. Each household is allowed to have one IDA account. Even though only one person will be on the contract to save, the whole family will be involved in decisions and helping to save.

Q. How do assets in an IDA affect eligibility for federal entitlement programs?

A. The funds deposited by Participants in their IDAs (including interest accrued on those funds) are not considered income, assets, or resources of the individuals, for purposes of determining eligibility for, or the amount of assistance furnished under, any Federal or Federally-assisted program based on need. Savings accounts are set up as custodial accounts. The matching funds are also not considered income, assets or resources for these purposes.

Q. What about making savings withdrawals?

A. Because IDAs are intended to help people reach a specific goal. 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 any savings match. A participant has to work with their Case Manager to develop a plan to replace the funds withdrawn from their IDA. If needed, participants are able to close their accounts, withdraw from the program and receive all of money they had deposited.

Q. How do participants receive match funds?

A. Matching funds will be made available to participants when they are ready to purchase an asset. At that time, a check will be issued directly to the company, institution, such as an escrow company, where the participant's asset will be purchased.

Q. Can I combine the money from my IDA account with other programs to buy a home?

A. Yes, we are encouraging you to combine as many programs as are available and that you qualify for. In our classes we will be discussing the CTSI Down Payment Assistance Program, State Bond Program, PAL Program and the City of Salem's Down Payment Assistance Program.

Q. Are IDA Programs giveaway programs?

A. No. Savings matches are not "giveaways." Account holders earn savings matches by saving their own hard-earned dollars and taking other steps to prepare for the future, including completion of a financial education course and attendance at asset-specific training. 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 to provide for themselves and their families.