Boulder and Broomfield Counties
Individual Development Account (IDA)
Program Handbook

AFIA and Non-AFIA Funded Participation Guidelines

Qualified Asset Goals of the Personal Investment Enterprise (PIE) program

Home Ownership
Post-Secondary Education
Small Business Development

Ratios for match are 4 to 1

1. Participant Eligibility

To qualify for the Personal Investment Enterprise program, an individual must have the following:

1. Minimum Age of eighteen (18) *
2. Maximum household earned income depending on household size (see income limits below)**
3. Maximum household net assets of $10,000 or $30,000 for Homeownership (First home and first vehicle does not count as an asset). Also see the section on asset limits on page 2.
4. Residence in Boulder or Broomfield Counties (one year minimum)
5. Social security number
6. Participant must work 30 hours/week. If permanently disabled, elderly, receiving TANF, or a full-time student head of household, the participant may work less than 30 hours per week.

* May be an emancipated minor or a Youth as provided by Colorado Homeless & Runaway act of 1997.
** Income may be higher if purchasing a home within the City of Boulder.

Income Limits

200% of the Federal Poverty Level (FPL) or Earned Income Tax Credit (EITC), whichever is greater. In 2022, this translates to:

AFI (Federal Funding)

Size of Family	Maximum Yearly Income
1	$27,180 (200 % FPL) $21,430 (S-HoH-W)
2	• $36,620 200% FPL) (w/o children) • $42,158 (EITC) (If single parent w/ one child)
3	• $46,060 (200% FPL) (two parent w/one child) • $47,915 (EITC) (If single parent w/ two children)
4	$55,500
5	$64,940
6	$74,380
7	$83,820
8	$93,260

Non-AFIA
Area Income Limits 2022 (Non-Federal Funding)

Family Size	BC AMI 80%
1	$70,240
2	$80,320
3	$90,320
4	$100,320
5	$108,400
6	$116,400
7	$124,400
8	$132,480

If Participant is a student and someone other than Participant pays their tuition, the tuition paid is considered part of their income.

Earned Income will be as defined by IRS instructions and includes all the income and wages one gets from working-even if it is not taxable

Asset Limits

Participant's net worth as of the end of the calendar year preceding the determination of eligibility may not exceed $10,000. For the Homeownership goal, participant's net worth may not exceed $30,000.

Net worth of Household means the aggregate market value of all assets that are owned in whole or in part by any member of the household, exclusive of the primary dwelling unit and one motor vehicle owned by a member of the household, minus the obligations or debts of any member of the household.

Household means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

2. Enrolling in the PIE Program

In order to enroll in the PIE program, an individual will:

- Meet the above qualifications
- Attend a PIE orientation
- Complete a PIE application
- Meet with the PIE Program Coordinator to review their application and the following required documents:

- A Colorado driver's license or a Colorado identification card; a United States military card or a military dependent's identification card; or a United States Coast Guard Merchant Mariner card; or a Native American tribal document; Permanent Resident Card.
- Last two years of Federal tax returns with W-2's for all working members of the household.
- The most recent bank statements for any checking and savings accounts or cash investments (CD's, Money market Accounts, 401 (K), Mutual Funds)
- Pay stubs for the past month for all working members of the household
- Bankruptcy decrees (if applicable)
- Divorce decrees (if applicable)
- Award letters if receiving any type of government assistance (ie. Food stamps, TANF Section 8, SSDI)
- Proof of income for any self-employment (Profit and Loss Statements)
- Proof of any other source of income (child support, alimony, pension, etc.)
- Credit Report with Credit Score (schedule a time to meet with a financial advisor.)

At the meeting with the PIE Program Coordinator, the prospective participant will also sign the following documents:

- Savings Agreement
- Participant Beneficiary Form
- Participant Financial Institution Release Form
- Handbook Agreement

Based on qualifying for the PIE program and available funding, the participant will receive a letter notifying them of their acceptance into the PIE program from the Nile High United Way (MHUW) Program Coordinator. This letter will give details on how to open a savings account to begin saving with PIE.

3. Personal Investment Enterprise Program Responsibilities

The Personal Investment Enterprise Program is responsible for the following:

1. <u>Financial Literacy</u> – to present a personal finance and money management workshop series for the Participant's benefit.
2. <u>Account Statements</u> – to provide the Participant with a timely and accurate monthly account statement, listing accumulated savings, earned matches and account activity.
3. <u>Confidentiality</u> – to protect the Participant's privacy by securing personal and financial records and keeping all such information confidential within the PIE Program.
4. <u>Match Funds</u> – to match the Participant's IDA savings - at the ratio and match limit as agreed upon by Participant and Program staff at the time of Program enrollment – to purchase his or her chosen asset goal.

4. Participant Responsibilities

Personal Investment Enterprise Participants are responsible for the following:

1. Asset Selection – to select eligible savings goal.
2. IDA Opening – to open an IDA savings account at a sponsoring financial institution (completed with MHUW) and make an initial deposit before beginning the personal financial literacy training.
3. Monthly Deposits – – to deposit a minimum of $33.00 and a maximum of $167 every calendar month from participant's earned income up to a total of $1,000. You and the program manager will determine a planned savings amount that will be included in your savings agreement that is based on your savings goal. If you are unable to save at the agreed amount, contact the PIE Program Coordinator to inform him/her that you need to modify the savings agreement.
   Upon opening your savings account, you will receive your savings account number which will need to be used each time you make a deposit. It is your responsibility to keep a receipt of your deposit for each deposit that you make. This will provide a way to confirm your balance and funds deposited into your account on your monthly statement that will be sent to you by MHUW Program Coordinator.
4. Financial Literacy Training – to attend financial literacy workshops and complete them within 6 months of opening account, as specified by Program staff.
5. Asset Specific Training – to attend asset specific training appropriate to participant's selected asset goals, as determined by Program staff.
6. Confidentiality – to respect the rights and privacy of all Program participants by keeping confidential any personal or financial information divulged in the course of the Program.
7. Change of Address – to provide Program staff with updated personal information in the event of a change of address, phone number or emergency contact information.
8. Feedback – to complete an exit survey at the end of the program

If you have questions regarding the PIE program, the PIE Program Coordinator is your first point of contact. Contact PIE if you have questions such as:

- If you change your address or phone number
- If you are having problems making the planned savings deposit
- If you have questions about the financial education requirement
- If you have questions about the asset-specific counseling
- If you wish to be advised about a purchase you want to make
- If you wish to use match funding to make a purchase
- If you must make an emergency withdrawal (from your funds only)
- If you wish to exit from the program
- If you have question, concerns or need additional information regarding your IDA.

If you have questions regarding your savings account, such as the balance or your account statement, contact the MHUW program manager.

5. Mutual Understandings

1. Qualified withdrawals - are only available for the Program's stated permissible uses (home purchase, small business start up, post secondary tuition and/or expenses) and after completion of all Program preparatory requirements.
2. Emergency withdrawals - are discouraged. Participants are allowed to make a maximum of one emergency withdrawal per calendar year and two total withdrawals during their participation in the Program. Emergency withdrawals are only available to the Participant in accord with the Program's emergency withdrawal policy and procedure.
3. Missed deposits - After two (2) missed monthly deposits, participants must contact and meet with CAP program staff or their case manager within a month to discuss the reasons for the missed deposits. At this time, participants with the help of the PIE Program Coordinator or with the referral agency can determine a plan of action. Participants can decide to either take a three (3) month leave of absence from the program or create a plan to avoid missing monthly deposits. Participants who do not meet with the program staff or with the referral agency will be terminated from the program. After meeting with a case manager, participants will only have one more permissible missed deposit before being terminated from the program. This means that over the course of the program, participants cannot miss more than three (3) missed monthly deposits within the calendar year.
4. Participation requirements / terminations - Participants may be asked to leave the Program for missed monthly savings deposits, poor workshop attendance, unauthorized savings withdrawals, or for other violations of this agreement. Participants who leave the Program may apply for reinstatement into program after three months if space is available.
5. Account ownership - Program savings accounts will be a custodial account owned by Mile High United Way; both the Participant and Mile High United Way will have access to all account activity information. No withdrawals may be made without the consent of both the PIE program coordinator and the Participant. Participants are not permitted to withdraw funding without following the purchase request or emergency withdrawal request procedure.
6. Use of information - The organizations responsible for administering the Program may use the information provided by the Participant on the application form to perform certain administrative functions such as monitoring periodic account information, tracking counseling and education progress, determining eligibility for matching funds, evaluating the success of the program, and any other functions required in the administration of the Program.
7. Asset purchase - The Participant's matching moneys shall be paid directly to the vendor, mortgage lender, or education institution.

8. Change of asset goal - A participant may change their asset goal up to the 18th month of the program dependent on the funding source of the participants matching funding and dependent on whether a funding source is available for the new asset goal. If there is a change in the Participant's IDA savings goal, the eligibility for matching funds for the new savings goal will be determined based on the appropriate income threshold retroactive to the original application in the Program.
   If a participant decides they want to change their intended use during the last 1/3 of their participation time, they must have and show proof of an extenuating circumstance that prevents them from being able to purchase their current intended use. Some examples include:
   - Decline or loss of income in the last 1/3 of the savings period resulting in inability to purchase a home
   - A medical emergency or disability in the last 1/3 of the savings period resulting in inability to purchase a home or business.

   Each case will be looked at separately, to determine whether the participant is eligible for an intended use change. The savings end date remains the same despite the change in asset goal.

6. Permissible Uses/Qualified Withdrawals

Home Ownership

First-Home purchase means qualified acquisition costs with respect to a principal residence for a qualified first-time homebuyer.

Principal residence means a main residence, the qualified acquisition costs of which do not exceed 120 % of the average purchase price applicable to a comparable residence in the area.

Qualified Acquisition costs means the cost of acquiring, construction, or reconstructing a residence, including usual or reasonable settlement, financing, or other closing costs.

Qualified first-time homebuyer means an individual participating in the Program (and, if married, the individual's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date on which a binding contract is entered into for the purchase of the principal residence to which this paragraph applies.

Participant must comply with all lending institution requirements.

Mobile homes and manufactured homes are allowed if participant owns the land mobile home is placed on and it is deeded to the homeowner or is part of an approved, non-profit Community Land Trust.

Two separate households may open two separate accounts in order to save towards purchasing a home together, as long as they purchase the house as co-owners.

Home purchases may be made within the greater Denver metro area (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson counties) or Weld County or Larimer County depending on funding allocation. Participant must agree to inform the PIE program if they plan to purchase in a county different than originally disclosed in the savings agreement. Approval of purchase in a county different than original disclosed in this savings agreement may be dependent on whether funding for the participant's matching fund is available for the new county. **Notification to PIE program at least 10 days prior to the purchase is required.**

Post-Secondary Education

Post-Secondary Educational Expenses are paid from the Program directly to an eligible educational institution or approved vendor, and include:

- Tuition and Fees required for the enrollment or attendance of a student at an eligible educational institution.
- Fees, Books, Supplies and Equipment required for courses of instruction at an eligible educational institution, including a computer and necessary software.

Eligible Educational Institutions include the following:

- Institution of Higher Education—An institution described in Section 101 or 102 of the Higher Education Act of 1965.
- Post-Secondary Vocational Education School—An area vocational educational education school (as defined in subparagraph C or D of section 521 (4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4) which is in any State.
- Community college courses, courses at a four-year college or university for either the individual or the individual's dependent.
- Vocational or trade school training for either the individual or the individual's dependent.
- "Approved and regulated" institutions, both within the State of Colorado and outside the state.

A parent or guardian can save for a child's education if the money saved can go directly to an educational institution.

Small Business Development

To be approved and remain in IDA program you must demonstrate that you are, or will be, both:

- An equal or majority owner in the business in their business, with direct unconditional ownership. This specifically precludes businesses owned through another firm or trust.

- Actively involved in the business' day-to-day business operations.

Some of the documents and information the IDA program may require to verify that these requirements are met include:

.
- Terms in articles, bylaws, operating agreements and partnership agreements
- Types and classes of member interest in a limited liability company (LLC)
- Types and classes of partners in a partnership
- Prior owners of the firm and future proposed changes

The small business will be located in Boulder or Broomfield Counties.

Business Capitalization means amounts paid from the Program directly to a business capitalization account that is established in a Qualified Financial Institution and is restricted to the use solely for qualified business capitalization expenses of the eligible individual in whose name the account is held.

Qualified Business Capitalization expenses means expenditures for the capitalization of a qualified business pursuant to a qualified plan, when so certified by Program staff as meeting the requirements below.

Qualified Expenditures means expenditures included in a qualified plan, including but not limited to capital, plant, equipment, working capital, and inventory expenses.

Qualified business means any business that does not contravene any law or public policy.

Qualified plan means a business plan, or a plan to use a business asset purchased, which:

- Is approved by a financial institution, a micro-enterprise development organization, or a nonprofit loan fund having demonstrated fiduciary integrity.
- Includes a description of services or goods to be sold, a market plan, and projected financial statements.
- May require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

Other Permissible Uses

Participants may not save for automobiles, retirement funds, home repairs, or computers (except as specified above for the three qualified assets).

7. Match Rate and Match Limit

Match Rate

The match rates for the PIE asset goals are as follows:

- Home Ownership - up to 4:1 matched savings, depending on Program funding
- Post-Secondary Education - up to 4:1 matched savings, depending on Program funding
- Small Business Development - up to 4:1 matched savings, depending on Program funding

Match Limit

The AFIA portion of an individual's match money will be no more than $2,000, or $4,000 maximum per family. The PIE Program will provide a total maximum of $4,000 in match money per individual account.

Monthly Savings Range

The monthly savings range is a minimum of $33.00 and a maximum of $167.00 every calendar month from Participant's earned income. Exceptions to the maximum deposit amount will be allowed for "windfall" deposits, which are defined as deposits from a work bonus, tax returns or Earned Income Tax Credit money. For these exceptions, the maximum deposit amount allowed will be $500.00/month.

Accumulation Period

The accumulation period lasts for the duration of the Participant's enrollment in the program, which is a minimum of 6 months and a maximum of 30 months. A 12-month extension is possible upon review by Program staff.

Contract with the PIE Program starts when confirmation that the first check has been deposited in an authorized account selected by Program staff.

8. Access to Funds

No withdrawals of any kind will be allowed earlier than 6 months after the initial deposit by participant into the account. Thereafter, funds may be withdrawn only upon request of the Participant and of authorized Program staff and only for one or more Qualified Expenses (see above) or for an Emergency Withdrawal.

Participants may apply for an extension of up to 12 months, after the end of their savings period, before purchasing their asset.

Emergency Withdrawals

Participants are allowed to make a maximum of one Emergency Withdrawal per calendar year and two total withdrawals during the program.

An Emergency Withdrawal may only be of those funds, or a portion of those funds, deposited in the account by the Participant, and only for the following purposes:

- Expenses for medical care or necessary to obtain medical care for the Participant or a spouse or dependent of the Participant;
- Payments necessary to prevent eviction of the Participant from, or foreclosure on the mortgage for, the principal residence of the Participant;
- Payments necessary to enable the Participant to meet necessary living expenses (food, clothing, shelter--including utilities and heating fuel) following loss of employment.

The Participant must reimburse PIE for any funds withdrawn from the account for an Emergency Withdrawal, not later than 12 months after the date of the withdrawal. If you fail to reimburse the account within that time period, you will be exited from the program.

9. Leaves of Absence

Participants may request in writing a leave of absence from the Program for a period of no more than three (3) months, at the approval of Program staff. You may take a leave of absence if the following occur:

- A loss of job which results in the inability to save
- A family emergency that may prohibit you from saving; such as a loss of a spouse or family member
- A medical emergency that keeps you from saving. This may include extended hospital visits, surgeries, sickness or injury.
- Additionally, you may qualify for a leave of absence if another situation has arisen that prevents you from saving, if approved by the case manager or program manager.

You will not be required to save during your leave of absence or are you able to make purchases. If after your time has expired you are not able to save, you will still be held to the provision that participant must have no more than 3 missed deposits in a calendar year.

10. Transfer of Funds

At the request of Participant and written approval of authorized Program staff, amounts from one IDA can be transferred into another IDA, which has been established for the benefit of Participant’s spouse or dependent.

11. Termination

A Participant who has been terminated from the Program will receive the balance of their savings along with any interest accrued on the Participant's contribution in a form of a check.

Participant may apply for reinstatement into program after three (3) months if space is available.

12. Agreement between Participants and Sponsoring Organization

Participants will sign a "Savings Agreement" between the PIE Program and the Participant. This agreement will include savings goals; schedule of deposits; match rate; match limit; proposed qualified expense for which the account is maintained; agreements about financial literacy classes and any additional training; contingency plans in case Participant exceeds or fails to meet projected savings goals or schedules; explanation of withdrawal procedures; and provision for disposition of funds in event of Participant's death.

13. Financial Education and Training

Financial Literacy Training

All participants, no matter what their program goal is, will be required to complete a financial literacy course within the first six months of their participation in the program. It will be offered as needed, to ensure all program participants can complete this course before moving on to their asset-specific training. The course will include a total of 5 classes at 2 hours each.

Asset-Specific Training

Homeownership Education:
Those participants with the goal of homeownership will first complete the Financial Literacy Course and then follow up with the Homeownership Training Course.

Small Business Development Training:
Those participants whose goal is to start their own business will first complete the Financial Literacy Courses and then follow up with the Business Development Course to develop a business plan. The Business Development Course is offered by the Small Business Development Center.

Post-Secondary Education Counseling:
Those participants whose goal is to receive a post-secondary education will first complete the Financial Literacy Course and then follow up with the Educational Development counseling. This entails individual educational counseling with an educational planner/counselor at their chosen college or educational institution.