



CTIDA is an e-mail newsletter containing news, information and more about Individual Development Account (IDA) Programs. It is produced by CTE under the auspices of the Connecticut Department of Labor (DOL). To subscribe or unsubscribe, or to give us your comments, questions or suggestions, please contact Marie Hawe at CTE, 34 Woodland Ave., Stamford, CT 06902. Phone (203) 352-4851, Fax: (203) 352-2972, E-mail: mhawe@ctecap.org.

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1.) IDA SUCCESS STORY – Community Action Agency of New Haven

Recently one of CAANH's IDA participants, a single mother of five who enrolled in the program in 2007 and received home ownership training through classes at the agency, has reached her goal of owning her own home. An employee of Yale University Dining Services, she joined the IDA program and eagerly set out to save the necessary money in order to reach her goal. She leveraged resources, becoming part of Empower New Haven's HomePower Initiative and Yale University's Employee Homebuyer Program. She stayed dedicated to her "Savings Plan Agreement" and this past December located a house in New Haven through the Housing Rehabilitation Institute.

The beautiful home has three floors with two bedrooms and a bathroom on the first floor. The second and third floors have been refurbished to accommodate the family and now include four bedrooms, two full bathrooms, a living room, dining room and kitchen. The house is equipped with all new kitchen appliances, including a dishwasher. There is a three car driveway and a fenced-in yard.

Attorney Ron Bender, who is the secretary of the CAANH Board of Directors, provided pro bono work on the closing of this house. The successful closing was held in New Haven on April 7, 2009. After saving consistently, attending IDA classes and workshops, and leveraging resources, the participant was finally able to make this house her home!



CAANH Staff, Sandra McKinnie and Amos Smith, join the successful IDA participant and her daughter for their house warming!

2.) **STATISTICS ON CT DEPARTMENT OF LABOR IDA PROGRAMS**

Here are some preliminary statistics on the Individual Development Account Programs operated under the Connecticut Department of Labor. As of March 30, 2009:

- 802 participants had opened an account.
- Total participants' savings amounted to \$914,653.
- \$372,628 of participants' savings were used to purchase assets.
- \$727,954 of matching funds were used to purchase assets.
- A total of 245 assets were purchased:
 - 92 homes
 - 72 post-secondary education
 - 38 small businesses

- 36 vehicles for employment
- 7 lease deposits on an apartment

IDA participants continue to save and acquire assets. Thanks to the IDA program operators for their good work, and thanks to the Connecticut General Assembly, the Department of Labor, and IDA advocates for their support in helping to make these successes possible.

3.) AFFORDABLE HOMEOWNERSHIP DONE RIGHT

Despite the dire financial climate and the many homes that have gone into foreclosure during the past year, there have been no reported foreclosures among families who have purchased homes through the Connecticut IDA program. This is an astounding fact and speaks to the preparation and support that IDA participants receive from IDA program and staff, and to the value of the oversight and restrictions placed on the use of IDA matching funds..

As Bob Friedman, from the Corporation For Enterprise Development (CFED), said in an article entitled “Affordable Homeownership Done Right,” “Too often the ‘subprime crisis’ is blamed on the carelessness or overreaching of the low-income homeowners who are assumed to be the primary market for subprime mortgages. New evidence suggests it is a lack of financial education, savings, and the terms of lending that bear the greatest responsibility for this crisis. If affordable homeownership is done right – that is, with savings, financial education and equity rather than just debt – the foreclosure rate on even very poor new homeowners is negligible.”

In a nationwide study conducted by CFED, only 1/10 of 1% of homeowners who purchased their home through an IDA program were foreclosed and delinquencies were negligible. 98% of IDA homeowners had received fixed-rate mortgages.

According to Friedman, “...the preliminary lessons gleaned here suggest that with the appropriate set of supports – matched savings programs to enable low-income working families amass a nest egg for a downpayment and unanticipated costs, financial education both basic and specifically for home purchase, and guided use of fixed rate and reasonably priced and structured mortgage products – we can not only enable working families to buy homes, but to keep them...Above all, we should not let the excesses, fraud, lack of underwriting standards, weakness of credit risk, the sloppiness of credit markets and the greed of predatory lenders be blamed on working families struggling to realize their American dreams.”

To see the complete CFED survey report, visit:

<http://www.cfed.org/focus.m?parentid=31&siteid=374&id=2663>.

4.) PEOPLE WITH DISABILITIES MAKE GREAT IDA PARTICIPANTS

While many public programs promote Individual Development Accounts as a tool for improving the financial stability of low-income households, relatively little attention has been given to asset development specifically within the disability community. In fact, people with disabilities are great candidates for IDAs. More than one-third of adults with disabilities live in households with total incomes of \$15,000 or less, compared to 12 percent of adults without disabilities. Moreover, 4.2 million adults with disabilities receive disability benefits and Medicaid coverage through the Supplemental Security Income (SSI) program.

One reason IDAs have yet to gain prominence in the disability community is the misconception that IDAs will affect eligibility for SSI—and by extension Medicaid—because SSI limits the amount of income and assets that participants can have. In fact, participation in a federal Assets For Independence (AFI) IDA program has no negative effect on SSI disability benefits or eligibility, because earnings set aside in AFI IDAs, as well as all matching funds and accrued interest, is disregarded when determining SSI eligibility and payment amounts. (NOTE: For those agencies operating non-AFI IDA programs, check with your participant’s case manager at Social Security or the Bureau of Rehabilitative Services to make sure that saving in an IDA will not negatively impact their benefits.)

AFI IDA providers also may have misconceptions that people with disabilities are not candidates for IDAs because they cannot work and thus cannot deposit earnings into IDAs. In fact, many adults with disabilities are employed or are actively working toward employment. (The Connecticut IDA Initiative and the Connecticut Housing Trust Fund IDA Program allow individuals with disabilities to become IDA participants even if they do not have earned income.) IDA participants with disabilities can successfully achieve their asset development goals given appropriate support and accommodations.

For those programs that are operating an AFI Program, the AFI Resource Center is developing an array of useful tools and documents that provide information on asset development for people with disabilities.

Adapted from the AFI Resource Update

5.) RESOURCES

Following are several resources that might be helpful in running your IDA program:

- The Federal Deposit Insurance Corporation (FDIC) recently released the Money Smart Podcast Network, the portable audio (MP3) version of the award-winning Money Smart Financial Education Curriculum. The new version of Money Smart is suitable for use with virtually all MP3 players so that consumers of all ages can learn to make informed and prudent financial decisions while "on the go."

The portable audio version of Money Smart is available free of charge, is easily reproduced, and has no copyright restrictions. For more information, or to order copies, visit: www.fdic.gov/moneysmart.

- The most recent issue of the New England Money Smart Newsletter included a front page story about the release of FDIC's new consumer resource: "Beware of Foreclosure Rescue and Loan Modification Scams; *If It's Too Good to be True, It Probably Is.*"

It is available as a free download at:

<http://www.fdic.gov/consumers/loans/prevention/rescue/index.html>.

6.) IDA MILESTONES

This is a newsletter feature where we recognize new employees in the IDA program field, congratulate those who have earned a promotion or new position, bid a fond farewell to colleagues who have moved on to other endeavors, and acknowledge other events in the lives of our colleagues.

- 1.) [Denise Campagnano](#), former IDA Program Manager for the ACCESS Agency in Willimantic, has left her position. We wish Denise the best of luck. She will be missed.
- 2.) [Egla Madera](#) has taken over Denise's role at the ACCESS Agency's IDA Program. Welcome Egla !
- 3.) Another person we will miss very much is [Steve Gosselin](#), who will no longer be overseeing the IDA program at CRT. Steve has moved on to other responsibilities within CRT.
- 4.) [Elizabeth Horton Sheff](#) has taken Steve's place supervising the IDA program at CRT. We welcome Elizabeth into the IDA family !

Best of luck to all !! Please contact Marie Hawe at mhawe@ctecap.org if you have any information for the "IDA Milestones" section.

7.) DEPARTMENT OF LABOR IDA WEBSITE

Reminder! Don't forget to check the DOL IDA website periodically (<http://www.ctdol.state.ct.us/ida/idahome.htm>) for updates, past newsletters, IDA program certification requirements, funding opportunities, and other useful information for IDA program operators. New items on the website:

- a. A page containing Consumer Credit Information and links to other sites
- b. A page on Foreclosure Prevention and Mortgage Modification with information and links
- c. Downloadable copy of the new CT IDA Policies & Procedures Manual

8.) IDA Q AND A

Q. My IDA program is able to enroll eligible participants, but far too many drop out. How can I retain participants, especially in such uncertain economic times?

A. Participant retention, throughout the IDA program's entire cycle, can be challenging. These days, because many individuals are worried about keeping their jobs and paying their bills, retention – and often recruitment – has become more difficult. Here are a few strategies you can use to maintain participation and maximize the number of successful asset purchasers:

- Be sure monthly savings requirements for accountholders are realistic in light of net income, obligations, and need to reduce debt, as well as the asset goal and savings period. If a participant needs to change the amount they are saving monthly, be sure to amend their Savings Plan Agreement.
- Maintain close contact with accountholders. You'll be more likely to learn of emerging problems that might lead to withdrawal and help participants find other responses than leaving the program.
- Be strategic in outreach and enrollment. Partner with programs that already work with populations who are ready for asset-building, such as transitional, Family Self Sufficiency or other housing programs; existing micro-enterprise training programs; community or vocational schools.
- Establish agreements with partners to address specific challenges, such as help finding new employment if needed, or with family counseling, for example.
- Be sure participants are aware of the Emergency Withdrawal option, so they can use it if needed.

- Think about allowing participants in good standing to use the Leave of Absence Policy and suspend their savings for a fixed period if necessary.

Adapted from the AFI newsletter.

Q. One of our IDA participants is saving for post-secondary education. Her school requires all students to have a computer. The school bookstore does not sell computers. Can she purchase the computer from an electronics store with her IDA savings and match?

A. AFI and CT IDA Regulations are the same on this. Participants are allowed to purchase supplies and equipment (including computers) required by the school, but the IDA funds can only be paid directly to an eligible educational institution. Participants should be made aware of this restriction when they sign their Savings Plan Agreement.

Here's some advice from the AFI Resource Center: Research whether some other department in the school (other than the bookstore) sells computers or works through a computer vendor. If the school sells computers, then your participant could use her IDA savings to make that purchase. If the school does not sell computers, dig a bit deeper into the situation. For example, are there other eligible educational institutions in the area that do sell computers? If so, perhaps your participant could purchase the equipment from that school. Does your participant's school have a special vendor agreement through which it buys its own equipment? If so, would it allow the student to order a computer through that agreement? Could the computer be special ordered through a campus bookstore operated by the institution? A good number of participants have purchased computers with their IDA savings using these strategies.

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