



Capital Area Asset Builders (CAAB) creates opportunities for people of all incomes to improve their financial management skills, increase their savings and build wealth. We believe that a prosperous community is one in which everyone has incentives and opportunities to save for the future.

For more information about the CAAB Individual Development Account (IDA) program described below, contact us at (202) 419-1440 or ida@caab.org.

INDIVIDUAL DEVELOPMENT ACCOUNT (IDA) PROGRAM OVERVIEW

CAAB's IDA savings program is designed to give you information, skills and incentives to help you become a consistent saver. Like Individual Retirement Accounts (IRAs) and 401(k) plans for retirement, IDAs make it easier to save for the future by providing a financial reward for long-term investments. More than just helping you to save, the goal of this IDA program is to enable you to invest in **assets**, which are items that will increase in value over time. For every \$1 that you save in your IDA, you'll earn \$3 in matching funds to be used toward the investment(s) you choose.

What kinds of assets can be purchased with IDA funds?

For every \$1 that you save, you'll earn \$3 for the following goals:

- First-time homeownership
- Small business start-up or expansion
- Post-secondary education or career training



How much can I earn in matching funds?

The maximum that any individual can earn in IDA matching funds is \$3,000. In other words, you will get \$4,000 total – the \$1,000 you save and the \$3,000 you earn. Anything you save beyond \$1,000 will still be yours, but will not be matched.

How much do I have to put in my IDA each month?

You have to deposit at least **\$25 per month** until you reach yours **savings goal of \$1,000**. Note that these are minimum savings amounts. You should try to save more if possible in order to earn the maximum \$3,000 of match within the three year savings period.

How long can I save in my IDA?

You can save in your IDA for up to 3 years. Regardless of your savings goal, you must save in your IDA for at least 6 months before you can make a withdrawal for an approved asset purchase.

Where do the matching funds come from?

CAAB is a non-profit organization that receives matching funds from federal and District agencies, private foundations and individual donors. Matching fund contributions are tax-deductible, so if you know of an individual or business that would like to contribute to the CAAB IDA program, please send them our way!

Is there any cost to me?

There is a one-time \$50 enrollment fee charged to all IDA Savers in order to support CAAB's administration of the accounts.

How do I get started?

Sure. There are 4 key steps to successfully achieving your goal in the CAAB IDA program:

- Step 1:** Attend an IDA orientation.
- Step 2:** Submit a complete IDA application packet to CAAB.
- Step 3:** Get approved and pay your \$50 enrollment fee.
- Step 4:** Save money in your IDA each month.
- Step 5:** Complete required 8 hours of money management and asset training courses.



SUCCESS: Meet your savings goal and make your purchase with your IDA savings and matching funds!!

You'll learn more about each of these steps during the IDA orientation.

What type of training will I receive?

Everyone in the IDA program is required to attend **money management workshops** that cover topics such as:

- Setting and reaching financial goals
- Developing and maintaining a household budget
- Understanding credit and your credit score
- Knowing Your Credit Rights
- Financial Institutions and Products

Depending on your chosen asset goal, you'll also need to complete training in one of the following areas:

Homeownership Counseling



- Learn how much house you can afford
- Learn where to get down payment and settlement help
- Find out if you qualify for a DC Home Purchase Assistance Program (HPAP) loan
- Understand the settlement process
- Get tips for maintaining your household and learn how to avoid foreclosure

CAAB requires all clients who are saving for home purchase to complete at least 4 hours of home purchase education. A list of qualified housing counseling providers is available from CAAB.

Small Business Training & Writing a Business Plan



- Identify potential customers and target markets
- Develop a marketing plan
- Learn how to track the cash flow in your business
- Learn about different types of small business loans

CAAB requires all clients who are saving for business-related assets to complete at least 4 hours of training on how to operate a successful business and to write a business plan for the business they want to spend their match money on. The business plan must be reviewed and approved by a qualified business counselor as complete and feasible before it is submitted to CAAB. A list of qualified business counselors is available from CAAB.

Higher Education and Career Counseling

- Meet with a counselor to discuss your education/career goals
- Get help with the college search/application process
- Learn about local job training programs and services
- Identify grants and scholarships to help pay for your education



Youth savers will receive higher education and career counseling through their referring organizations. Adult savers who are saving for investment in higher education or job training can get a list of qualified counselors from CAAB.

IDA Eligibility Guidelines

To qualify for a CAAB IDA, your **total household income** (adjusted gross income) cannot exceed the limit identified below. Your household includes all adults and children who live together and share expenses—related or unrelated. Child support payments should not be included in your household income.

Household Size	Maximum Household Income
1	\$36,200
2	\$41,350
3	\$46,500
4	\$51,700
5	\$55,800
6	\$59,950
7	\$64,100
8	\$68,200

Other eligibility criteria:

- ◆ You must be a resident of the District of Columbia to participate.
- ◆ You must have earned income to participate.ⁱ

- ◆ Your total assets must be less than \$10,000. Total assets means the value of assets owned by all household members (excluding the value of the primary home and one car), minus the obligations or debts of all household members.
- ◆ Homeownership savers must be qualified first-time homebuyers, and must purchase in one of the following geographic areas:

Washington, DC	Fairfax City, VA
Arlington County, VA	Falls Church City, VA
Alexandria City, VA	Montgomery County, MD
Fairfax County, VA	Prince George's County, MD

Qualified IDA Expenses

IDA Type	Qualified Expenses	Payable to	Required Documentation
Education & Career Training	application fees, tuition, registration and other fees, books, supplies or equipment (including a computer) directly related to the student's course work	accredited institution of higher learning or a postsecondary vocational education school	invoices and receipts of payment, copy of check to school or vendor
Home Purchase	settlement, financing or closing costs or cost of acquiring or constructing a primary residence for a first time homebuyer	the settlement agency or vendor	signed settlement sheet, invoices and receipts of payment, copy of check to settlement agency or vendor
Small Business	capital, plant, equipment, working capital, and inventory expenses as included in a business plan approved by CAAB.	vendor or into a business capitalization account that is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses	business plan approved by a qualified business counselor, invoices and receipts of payment, copy of check to vendor business capitalization account

¹ CAAB uses the IRS's definition of earned income: "Earned income includes all income from employment, but only if it is includable in gross income. Examples of earned income are wages, salaries, tips, and other taxable employee compensation. Earned income also includes net earnings from self-employment. Earned income does not include amounts such as pensions and annuities, welfare benefits, unemployment compensation, worker's compensation benefits, or social security benefits." Thus disability, social security, and welfare distributions and money given as a gift are not considered earnings – it's ok to have income from these sources, but you must also have income from one of the earned sources in order to participate.