



# TANF 1202-1

## Employment and Training

### Matched Savings and Individual Development Accounts

**Supersedes:** TANF 1102-1 (1/1/17)

**Reference:** ARM 37.78.806

**Overview:** TANF clients may be offered a Matched Savings Program or an Individual Development Account (IDA) that aligns with their Bridge goals and pathway. Matched Savings Programs or IDAs are available at the contractor's discretion within their budget.

Matched Savings Programs and IDAs can only be received once in a 12-consecutive month period and only when not also available in the community.

Matched Savings programs are intended to allow the client to meet an educational or employment goal, or to purchase something needed to help them address a barrier.

IDAs are also intended to allow a client to meet an educational goal, but can also be used to purchase a first home and for business capitalization. IDAs must follow federal regulation and restrictions.

The client's goals must align with the TANF goal "to end dependence of needy parents on governmental benefits by promoting job preparation, work and marriage."

#### **TANF EMPLOYMENT and TRAINING POLICY**

##### **ACCOUNT RESTRICTIONS:**

Federal or State funds from one program may not be used to satisfy the matching requirement of another Federal or State program.

Matched Savings programs and IDAs cannot be used in the place of Pell Grants, scholarships and grants or used for living expenses. They also cannot be rolled into Roth IRAs, 529 plans or to purchase Certificates of Deposit (CDs).

Matched Savings and IDA funds cannot be used for:

1. reoccurring basic ongoing needs, such as food, clothing, shelter, utilities, household goods, personal care items and general incidental expenses; or

2. medical expenses;
3. extracurricular activities; or
4. entertainment.

#### **PARTICIPATION AGREEMENT:**

A participation agreement must be in place for each IDA or matched savings account. The agreement must include:

1. Savings goals that both client and contractor agree on;
2. Stated, and agreed to account objective (what asset will be purchased);
3. The client's goals regarding deposit amounts and frequency as well as timeframe to meet their savings goal;
4. Specific information stating when the client can access the account (e.g., after savings goal is met, etc.);
5. Detailed information explaining when and how funds are returned to the client should they fail to complete the IDA or Matched Savings program;
6. The specific match rate that will be applied to the account.

#### **MATCHED SAVINGS and IDA FUNDING:**

The match rate is set by the contractor and can be any rate up to the maximum match rate of 3:1.

Clients must save their own earned, unsubsidized income, during program enrollment.

Purchases cannot exceed \$5,000.

#### **TYPE OF FINANCIAL ACCOUNT:**

Funds must be deposited into a FDIC insured savings account in the client's name.

Contractors must monitor all IDA and Matched Savings accounts.

#### **DISTRIBUTION OF FUNDS:**

Matching funds only become available after the client has met their savings goal.

The contractor must meet with the client at least ten (10) days prior to funds distribution to:

1. verify client address;
2. obtain vendor information;
3. discuss distribution amount and ensure the client is in agreement; and
4. inform the client what date funds will be sent to the vendor.

Direct payment (vendor check) is the preferred method to purchase assets.

#### **WITHDRAWAL:**

Clients may withdraw from the program before their goal is met. The request must be in writing, either from the client or by the contractor documenting the request. If a client withdraws, matching funds are not available to them.

**Effective Date:** January 01, 2018