



IDA PROGRAM OUTLINE

Introduction

The Local Development Corporation of East New York's (LDCENY) Individual Development Account (IDA) Program is designed to assist qualified low-income individuals in acquiring savings that will enable them to start or expand a business or pursue higher education. The program matches \$1 for every \$1 saved. Participants can save a maximum of up to \$2,000 which the LDCENY will match with a maximum of up to \$2,000. This program is sponsored in part by Citibank and the Department of Health and Human Services.

Eligible Assets

Participants may save for starting or expanding a business.

Application Information

In order to be eligible for this program, participants must meet the following requirements:

- Be 18 years or older;
- Be a resident of one of the following Zip Codes: **11207, 11208, 11212, 11221, 11233, 11236, 11237 and 11239;**
- Complete the 18 hour Personal Finance & Credit Training;
- Complete the 60 hour Business Development Training, if using the funds for business purposes;
- Be an active client of the Brooklyn Enterprise Center (BEC);
- Be engaged in wage or self-employment. Self-employed applicants must be able to prove current business income;
- **Have household assets which do not exceed \$10,000 in value (excluding a residence and one car); and**
- Be eligible for Earned Income Tax Credit (EITC). The EITC guidelines are as follows:
 - Income below \$43,352 (\$48,362 married filing jointly) with three or more qualifying children
 - Income below \$40,363 (\$45,373 married filing jointly) with two qualifying children
 - Income below \$35,535 (\$40,545 married filing jointly) with one qualifying child
 - Income below \$13,460 (\$18,470 married filing jointly) with no qualifying children

The following is considered acceptable documentation of income and residency:

- A copy of the applicant's 2010 tax return;
- A copy of the applicant's 2010 W2 or 1099;
- A copy of the applicant's three most recent pay stubs. Self-employed applicants must be able to prove current business income;
- A current utility bill with applicant's name and address; and
- The applicant's driver's license or non-driver's identification.

The Matching Process

Participants may save up to \$2,000 for a total match of up to \$2,000. Participants will then have up to \$4,000 towards starting or expanding a business. Once participants meet their savings goal and fulfill the program's requirement, the savings will be matched.

IDA Account

IDA accounts are opened after participants have enrolled in the LDCENY's Personal Finance and Credit Training program or the Business Development Training program. IDA participants are required to save a minimum of \$15 and a maximum of \$200 each month. At the end of each month participants will receive a statement showing the amount of their total savings. IDA deposits are held in an LDCENY escrow account. In order to be a part of the program, participants must meet with their business coaches regularly.

Drawing-Down Funds

Participants may withdraw funds only after fulfilling program requirements. The process for drawing-down funds will take approximately two to three weeks after a participant's business plan has been approved. The LDCENY will make payments directly to the vendor or supplier. Once participants are ready to purchase their assets, they should follow the steps outlined below.

Step 1: Submit an IDA Drawdown Plan (an outline is available at the IDA office). Be sure to include the kind of purchase to be made, the cost of the purchase and how this purchase will help to achieve the stated goals (e.g. if saving towards a business that needs to purchase merchandise, indicate what the item is and how it will increase sales).

Participants should be aware of the following:

The LDCENY has the right to decline your proposal because the project is not feasible or based on the fact that the supplier is not a recognized supplier. For example, if an applicant decides to purchase a notebook computer from a friend, the LDCENY would not approve this purchase. In this case we would only fund a proposal which has an invoice from a major dealer such as Dell, J&R, Microsoft, Sony etc. We will also request each supplier to fill out and sign the W9 Form.

Step 2: Once the business plan and the IDA proposal are submitted, they will be reviewed by the Finance Committee, which includes the participant's coach at the LDCENY, the IDA program director, the coordinator and the Executive Director. This process will take about a week. Once the committee approves or declines a proposal, the applicant will be notified.

Step 3: If a proposal is approved, the applicant will be asked to submit an invoice for the items s/he is purchasing. **Note:** invoices should be made out to the LDCENY, addressed to Ms. Sherry Roberts and reference the applicant's name. Once the LDCENY receives the quote or invoice, it will be submitted to the Fiscal Office. The Fiscal Office is in charge of maintaining the IDA accounts and will prepare a check. The entire process will take at least two weeks.

Step 4: Once the check is ready, the LDCENY will contact the applicant with a time and date to pick up the check.

Frequently Asked Questions

What would qualify me for the program?

Below are the requirements for participation in the program:

1. Be an East Brooklyn resident living in 11207, 11208, 11212, 11221, 11233, 11236, 11237 and 11239
2. Meet income eligibility guidelines;
3. Attend all of the Personal Finance and Credit Training classes;
4. Attend all the Business Development Training classes;
5. Meet program eligibility requirements;
6. Save a minimum of \$15 each month; and
7. Participate in evaluation activities such as surveys, interviews and focus groups

What happens if I miss a month's deposit?

Participants are required to make monthly deposits of a minimum of \$15. If a participant misses a monthly deposit, (s) he will not be penalized. However, if a participant misses up to three months' deposits and has not contacted the IDA office (s) he will be automatically terminated from the program and his/her share of the savings will be returned.

Do I have to open my business in East Brooklyn area?

Since the IDA program targets East Brooklyn residents, participants are required to open a business in the East Brooklyn area. The IDA account helps low-income families to rebuild the community. If a participant relocates his or her business, s (he) will be terminated from the program.

What if I decide to leave the program?

Participants are allowed to withdraw from the IDA Program if they wish. If the participant decides that(s) he no longer wants to save in the IDA account, his/her savings will be returned. Participants will not receive any of the match money and will not be able to open another IDA account in the future.

Where do I mail or drop off my deposit?

The LDCENY office is located in the Citibank building at 80 Jamaica Avenue, corner of Pennsylvania Avenue. The entrance to our office is between Pennsylvania Avenue and New Jersey Avenue, in front of the No. Q56 bus stop. Ring bell No. 3 and walk up to the third floor. The mailing address is: Local Development Corporation of East New York, 80 Jamaica Avenue, Third Floor, Brooklyn, NY 11207. Checks and money orders must be made payable to Local Development Corporation of East New York (LDCENY). An IDA deposit slip must accompany all deposits. Indicate your IDA account number in the memo section of your check or money order. Cash will be accepted, however, it must be hand delivered. Please ensure that you obtain a receipt and keep a running tally of your savings and all receipts.

Can I have more than one IDA account?

No. If you are already enrolled in an IDA program with another organization, you are not eligible. You are also not eligible if you received an IDA grant from another organization over the last five years.

Who do I contact for more information?

Ms. Denise Garrett, the IDA coordinator, is available to answer all questions regarding the application process and to provide any assistance you may need in completing the application. She can be reached at 718-385-6700 extension 15, by fax at 718-385-7505 or by e-mail at Deniseg@ldceny.org.