



To: Individual Development Account Administrators **Program Guidance: IDA-021-01**
From: Community Programs Division
Release Date: April 12, 2021
Effective Date: April 12, 2021
Subject: Participant Use of Funds and Social Security Numbers

Beginning April 12, 2021, the following IHEDA guidance is in effect for all IDA Administrators:

Use of Funds – Withdrawals to Participants

It is a current rule for all IDA program rounds that savings and match funds meant for an eligible asset purchase may NOT go directly to a participant to use; instead, they must be withdrawn via check written to a third-party vendor.

That rule remains in place for participants working toward a home purchase, home repair or vehicle purchase. However, Administrators may now allow some flexibility for participants savings towards a small business or education purchase.

For participants saving towards starting, expanding, or purchasing a **small business**, funds from their savings and match accounts may be withdrawn as a payment to the participant's LLC, but ONLY if the following requirements are met:

1. The payment must be reimbursement-based. The IDA Administrator must collect and record receipts before approving a reimbursement withdrawal from the participant's IDA accounts.
2. The payment must be for an eligible purchase that was pre-approved by the IDA Administrators. Participants may NOT make a purchase without alerting the IDA Administrators and expect to have that purchase reimbursed.
3. The payment MUST be written to the participant's LLC. The funds may not go directly to the participant.

For participants saving for **continuing education or job training**, funds from their savings and match accounts may be withdrawn as a payment to the participant, but ONLY if the following requirements are met:

1. The payment must be reimbursement-based. The IDA Administrator must collect receipts before approving a reimbursement withdrawal from the participant's IDA accounts.



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2. The payment must be for an eligible purchase that was pre-approved by the IDA Administrators. Participants may NOT make a purchase without alerting the IDA Administrators and expect to have that purchase reimbursed.

IDA Administrators are not required to take advantage of the above flexibilities; if they feel most comfortable only allowing funds to go to third party vendors, they may choose to only allow those times of withdrawals.

If an IDA Administrator chooses to utilize the above flexibilities, they must make the opportunity available to all of the IDA participants.

Social Security Numbers

Up until the IDA021 program round, IDA Administrators were required to collect social security numbers for all IDA participants. This is no longer a requirement for any active program round.

IHCDA is making an effort to remove all references to SSNs on their program materials, but IDA Administrators may still choose to collect them from their participants, if it makes it easier to open their IDA accounts or track them in a client management system. If an IDA Administrator chooses to continue to collect SSNs from their participants, they must take care to manage that information responsibly; IHCDA recommends minimizing the number of documents or locations in any software system where SSNs can be found.

Please direct all questions regarding this guidance to Veronica Watson at ida@ihcda.in.gov.