

Maine Family Development Account (FDA) Questions and Answers

What is the FDA Program? The FDA Program enables income-eligible families or individuals to establish savings accounts that will be used to buy a home, pay for education, or start or expand a small business. Participants establish a savings account to be used toward their identified goal. These savings will be matched when withdrawn to purchase an approved asset.

Who is eligible to open FDAs? Families who are eligible for TANF or the Earned Income Tax Credit usually qualify to open a FDA. Annual household income must be at or below \$22,340 for one person, \$30,260 for two people, and \$38,180 for three people. (For larger households please check with the FDA staff person for the income guideline). *All participant deposits must come from earnings from employment or self-employment. [See accompanying sheet for additional eligibility requirements.]*

What can the savings and match funds be used for?

The savings and match funds can be used for:

- Home Ownership: The FDA can be used for a down payment and closing costs on the purchase of a home.
- Business Development: The FDA can be used to cover the costs of starting a business or expanding an existing business.
- Education or Training: The FDA can be used for education purposes, including vocational and technical training, community college, university or professional certification/licensure.

How much can a person save in an FDA? It depends on the asset goal. Participants saving for home ownership can save between \$20 and \$83 per month in an FDA for a maximum savings of \$2,000. Those saving for business or education may save from \$20 to \$166 per month for a maximum savings of \$1,000. Each dollar saved is matched by four additional dollars.

All participant deposits must come from earnings from employment or self-employment.

What are the time frames for participation in the program? FDA holders may participate for a period of up to two or three years. The minimum length of participation is 6 months. Those saving for home ownership usually save for two years, while the other two asset goals may be obtained within one year.

How does the program work? Participation in the program includes the following steps:

1. Family completes a Family Development Account application.
2. Family identifies a savings goal, monthly amount to be saved and total savings.
3. Application is approved by staff member and/or review committee.
4. Family completes a letter of agreement.
5. Family opens account at participating financial institution and begins saving.
6. Family completes money management training and asset specific training.
7. When goal has been met, match funds are made available for asset purchase.

Is there access to FDA savings during program participation?

Families will have access to the FDA savings during their term of participation, with the following restrictions:

- Families may access their savings for emergency use once during their participation in the program.
- Families may withdraw their savings and leave the program at any time. Families can withdraw only what has accumulated of their own savings, without access to match funds.

This program is administered through the Maine Family Development Account Coalition.

For more information in Washington and Hancock counties, call Sarah Nugent at Washington Hancock Community Agency (207) 664-2424 or (207)-546-7544 extension #5944 email snugent@whcacap.org

How Your FDA Savings May be Matched

For all assets, you must save for a *minimum* of 6 months up to 3 years to earn the benefit of the 4:1 match.

For Education or Small Business Asset Goals:

You may save and be matched *up to* \$1,000 of your own money,
so that your \$1,000 + 4:1 match of \$4,000 = \$5,000

(You quintuple your savings—all in an FDIC-insured savings account!)

For example, you may save:

\$83/mo. for 1 year.....\$1,000 *or*
\$42/mo for 2 years.....\$1,000.....to earn \$4,000

Or you may save less; you will still be matched 4:1!

For Home Ownership Asset Goal:

You may save and be matched *up to* \$2,000 of your own money,
so that your \$2,000 + 4:1 match of \$8,000 = \$10,000

(You quintuple your savings—all in an FDIC-insured savings account!)

For example, you may save \$83/mo for 6 mos. = \$500 for \$2,000 match = \$2,500
\$83/mo for 1 year = \$1,000 for \$4,000 match = \$5,000
\$83/mo for 2 years = \$2,000 for \$8,000 match = \$10,000

Or you may save less; you will still be matched 4:1!