

Maine Family Development Account (FDA)

Questions and Answers

What is the FDA Program? The FDA Program enables low-income families to establish savings accounts that will be used to buy a home, pay for education, or start or expand a small business. Participating families 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 These savings will be matched when withdrawn to purchase an approved asset.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 \$20,800 for one person, \$28,000 for two people and \$35,200 for three people (for larger households please check with the FDA staff person for the income guideline). There are 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 a FDA? Participating families can save between \$20 and \$80 per month in a FDA for a maximum savings of \$2,000. All participant deposits must come from earnings from employment or self-employment. Each dollar saved is matched by at least two additional dollars.

What are the time frames for participation in the program? Families usually participate for a period of two to three years. Length of participation time depends upon the identified savings goal and how much a family is saving each month.

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

1. Family fills out 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 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.

What access is there 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 only withdraw 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 please call Sarah Nugent 1-2-7-664-2424 ext 4495 Updated January 2008