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Individual Development Account (IDA) Program

The Indiana Housing Community and Development Authority's Individual Development Account Program is an asset development program for low-income individuals. In 1997, Indiana state legislation (I.C. 4-4-28) created the Individual Development Account (IDA) Program as an innovative tool to help low-income Hoosiers build assets, attain self-sufficiency, learn personal financial skills, and invest in improving their quality of life.

Low-to-moderate income individuals can and do save in IDA programs; in fact, the very poorest (under 50% of the federal poverty line) save at rates at least two to three times the rates of those between 150%-200% of the poverty line.

Financial education is important, significantly raising savings rates and providing program consistency.

Account holders save primarily through reducing other expenditures and secondarily through increasing income. Most account holders can amass critical assets through IDAs.

IDAs have significant psychological and social effects, increasing future orientation, financial skills, and sense of control, initiative-taking, and civic and family participation.

Individual Development Accounts are matched savings accounts designed to encourage low-income families to save for the purchase of an asset. Participants in the program are required to successfully complete financial education as well as training related to a specific asset purchase.

The program year is July 1st to June 30th. The program covers all of Indiana's 92 counties and is administered by over 30 local program administrators with Community Development Corporations (CDC).

The match rate is 3:1, where participants save \$1,500 over three years and receive \$4,500 in state match funds.

Eligible assets include purchasing a home, paying for home repair, starting/expanding a small business, purchasing a vehicle, and paying for education/job training.

The objective of the IDA Program is to assist people with limited means in achieving financial independence and becoming financially self-sufficient by providing them the skills to:

- Develop a budget and set goals
- Establish regular saving habits
- Invest in assets

The IDA program meets these objectives by providing financial education, case management, homeownership counseling and other asset-goal specific training to its IDA participants.

