



Department of Commerce

Innovation is in our nature.

Individual Development Accounts Program: Final Report to the Legislature

Overview

The Individual Development Account (IDA) Program is part of the Savings, Earnings, and Enabling Dreams (SEED) Act passed in 2005. The SEED Act requires a report to the Legislature on the Individual Development Account Program under RCW [43.31.480](#). The SEED Act created a nonappropriated IDA Program Account (Fund 08E) and designated the Department of Commerce to implement the program.

How the IDA Program Works

IDAs provide low and moderate-income working individuals with tangible incentives to save and improve financial habits. IDA clients have up to four years to save, receive matches, and purchase specific assets. During this time, account holders receive intensive training to improve their financial skills and other asset specific education.

In order to qualify for an IDA your income needs to be at or below 80 percent of the area median income (adjusted for household size) or 200 percent of the federal poverty level.

The state provides matches for savings at a rate of \$1 for every dollar up to \$4,000. Two-thirds of IDA contractors use federal dollars to stretch the state's investment. For instance, the state provides a 1:1 match which means that an individual has to save \$1 and the state matches it with an additional \$1. IDA contractors who have matching federal IDA Assets for Independence funds can make a 2:1 match.

Accountholders can use their state IDA funds for a variety of asset purchases including:

- Purchase of their first home
- Obtaining post-secondary education
- Capitalizing a small business
- Purchasing a computer for work or education
- Making home improvements or repairs
- Purchasing assistive technology to meet work-related needs
- Buying a vehicle for work or education

2010 IDA Program Results

Since the program began, our state's IDA program has supported the purchase of 445 assets.

An analysis of 210 asset purchases from second quarter 2010 through second quarter 2011 indicates that business capitalizations are the number one asset purchase for participants with home purchases as the second highest asset purchase. During this period, there were 66 business capitalizations and 59 home purchases.

Since 2006, Washington's allotment of \$1.7 million has funded accounts in 11 counties. Individual account holders will add an equivalent of \$1.7 of their own savings over the life of the accounts. Federal and private funds have provided additional leverage.

The Future of IDA in Washington

State funded IDAs are coming to a close, but local asset building partners will continue to provide accounts funded by local, private, and federal programs. The State Asset Building Coalition, local asset building coalitions, and financial institutions will continue to support and seek funding for these accounts locally.

The state IDA was instrumental in attracting federal matching funds through the Federal Assets for Independence IDA fund.

For More Information Contact:

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