



## Launching Your AFI Project: Savings, Economic Education, Asset Purchase

*FY 2016 AFI Grantee Orientation:  
Webinar 3*

*November 30, 2016*



Office of Community Services  
Administration for Children and Families  
U.S. Department of Health and Human Services

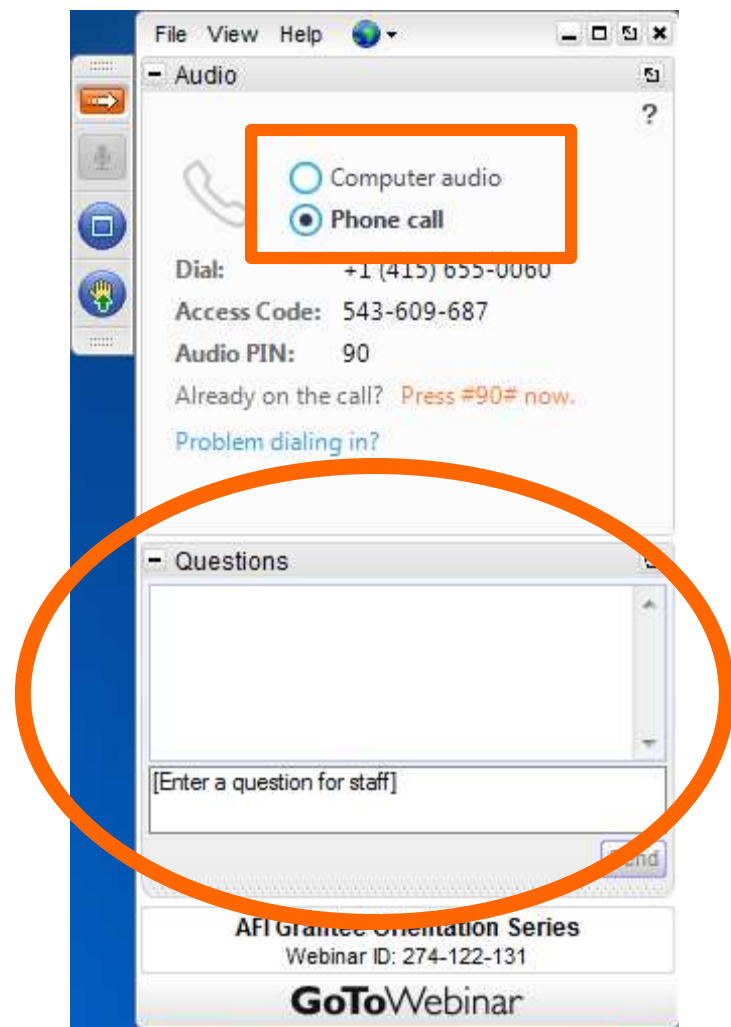


## Introduction of Speakers

- Stephanie Landry, Program Manager, CFED
- Alicia Hadley, Senior Program Associate, CFED

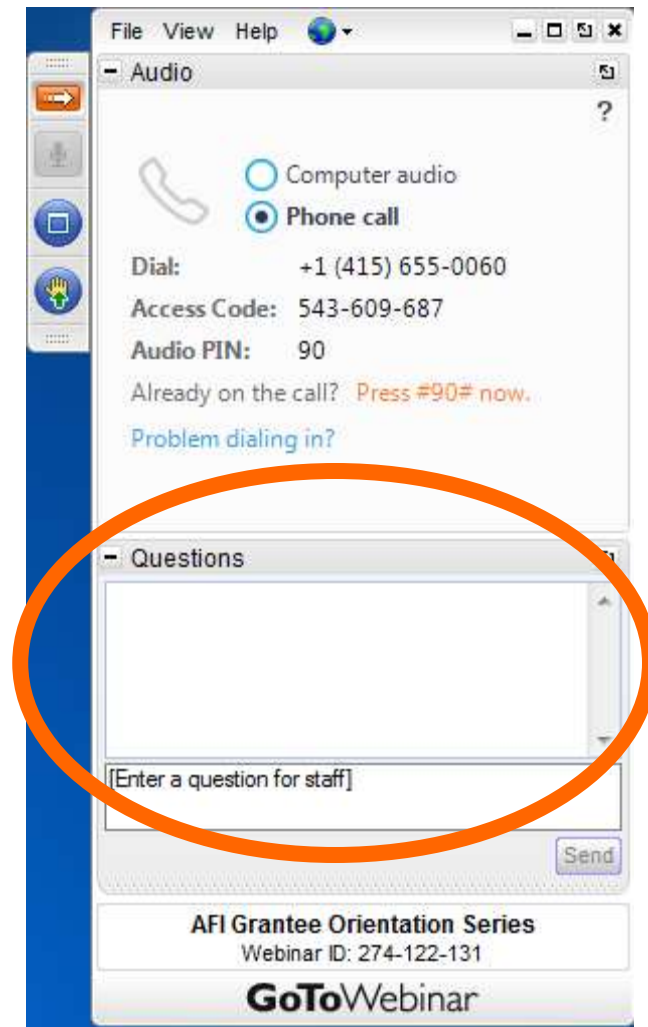
## Connecting to Audio

- Chose the appropriate audio setting (computer or phone)
- Ask a question any time by typing the question into the text box on the GoToWebinar Control Panel
- Experiencing technical difficulties?
  - Use the questions box
  - Email us at [slandry@cfed.org](mailto:slandry@cfed.org)



## Housekeeping

- This webinar is being recorded!
  - All attendees are muted to ensure sound quality
  - A video recording and transcript will be available on [idaresources.acf.hhs.gov](http://idaresources.acf.hhs.gov) at a later date.
- The webinar will last approximately 90 minutes.





## Webinar Objectives

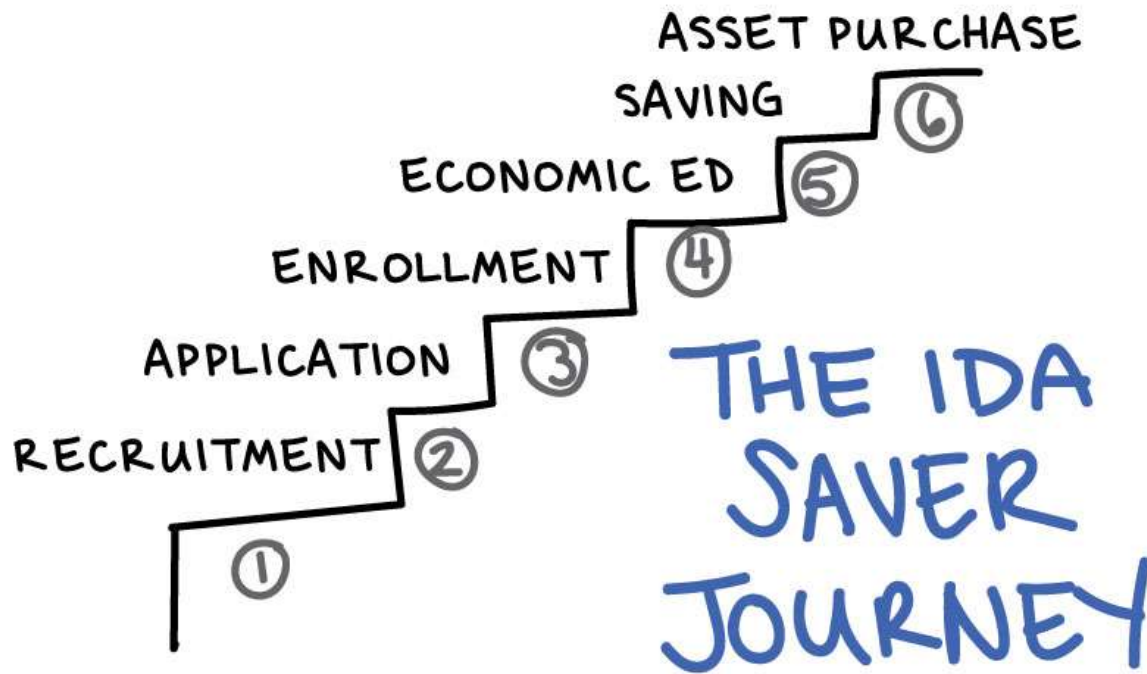
We will:

- ✓ Provide a review of **AFI program fundamentals and requirements**
- ✓ Discuss AFI requirements and practical considerations in the **economic education, savings, and asset purchase stages**.
- ✓ Share insights on how to **utilize policies, procedures, and paperwork** throughout your AFI IDA project.

# AFI Requirements and Considerations







## Basic Rules and Regulations

All AFI grantees must manage their project in accordance with:

- The AFI Act:  
<http://www.acf.hhs.gov/programs/ocs/resource/afi-legislation-0>
- Federal grants policies, including the HHS Grants Policy Statement:  
[http://www.hhs.gov/asfr/ogapa/aboutog/ogpoe/grants\\_mgmt\\_policy\\_sources.html](http://www.hhs.gov/asfr/ogapa/aboutog/ogpoe/grants_mgmt_policy_sources.html)



## AFI Requirements and Considerations : Economic Education



## Economic Education

- Requirements
  - Assist participants in obtaining the “skills and information necessary to achieve economic self-sufficiency”
- Considerations
  - Services provided
  - Timing
  - Method

## Economic Education: Requirements

- Grantees must assist participants in obtaining the “skills and information necessary to achieve economic self-sufficiency.”
  - This requirement is on the grantee, not the participant

## Economic Education: Considerations

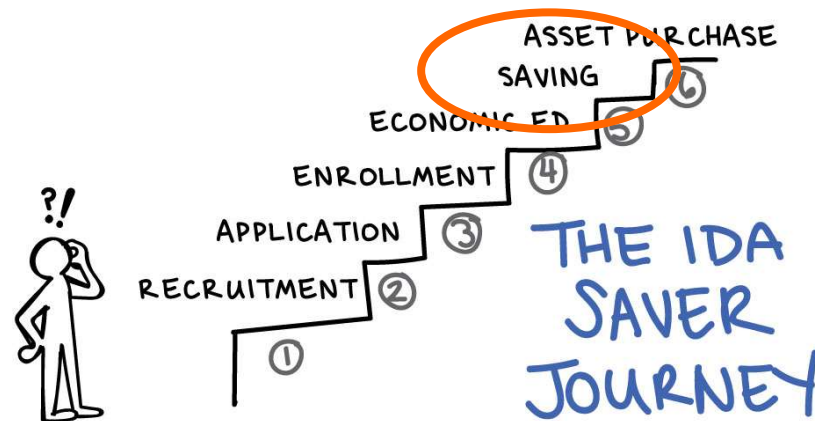
- What will you offer to and require of participants?
- What will be the delivery methods, providers, and curricula used?
- What will be the schedule, availability, and frequency?
- Savings Plan Agreement

**Resource:** IDA Resources Financial Education Page  
<http://idaresources.acf.hhs.gov/page?pageid=a047000000ApiTG>

## Economic Education: Considerations

- Supportive services
  - Financial counseling, financial coaching, financial education, credit counseling, budgeting, post-purchase support
- Asset-specific services
  - Homebuyer classes, small business courses, preparing for post-secondary education
- Savings monitoring and supports
  - Missed deposits may signal that an account holder is struggling
  - Regular communication is key

## AFI Requirements and Considerations: Saving





## Savings

- Requirements
  - Deposits come from earned income
  - Match rates
  - Limitations on match amounts
  - Provide match deposits quarterly
  - Emergency withdrawals
- Considerations
  - Verifying earned income
  - Match rates
  - Choosing a parallel account structure
  - Savings monitoring

## Savings Requirements: Earned Income

- Participants are required to make deposits from earned income

## Savings Considerations: Earned Income

- Verify the availability of earned income
  - Commonly during application

## Savings Requirements: Match Rate

- Grantees may set the match rate within the following range: \$1-\$8 of project funds for each dollar of participant savings.
  - At least \$1 of nonfederal dollars must be used to match participants' savings for every \$1 of federal funds used to match participants' savings
- No more than \$2000 *of federal match* from one AFI grant may be provided to an individual and no more than \$4000 *of federal match* to a household.

Participant Deposit	Match Rate	Grantee Match
\$1	1:1	\$1
\$1	1:2	\$2
\$1	1:3	\$3
\$1	1:4	\$4
\$1	1:5	\$5
\$1	1:6	\$6
\$1	1:7	\$7
\$1	1:8	\$8



## Savings Considerations: Match Rate

Participant Savings	Match Rate	Maximum AFI Match Amount	Non-federal Match Amount	Total for Asset Purchase
\$4,000	1 to 1	\$2,000	\$2,000	\$8,000
\$2,000	2 to 1	\$2,000	\$2,000	\$6,000
\$1,000	4 to 1	\$2,000	\$2,000	\$5,000
\$500	8 to 1	\$2,000	\$2,000	\$4,500

Adjusting Participant Match Rate:

<http://idaresources.acf.hhs.gov/servlet/servlet.FileDownload?file=01570000001tMi3>

Requesting Changes to your AFI Project Design:

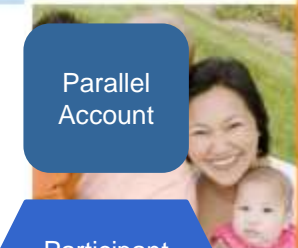
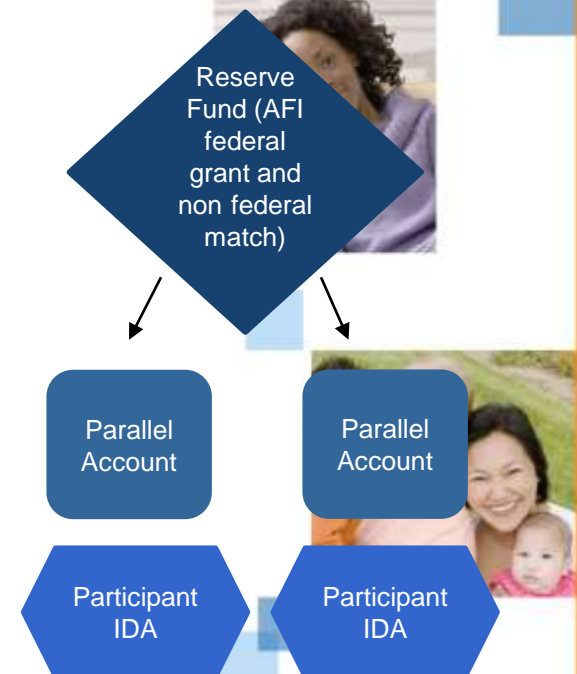
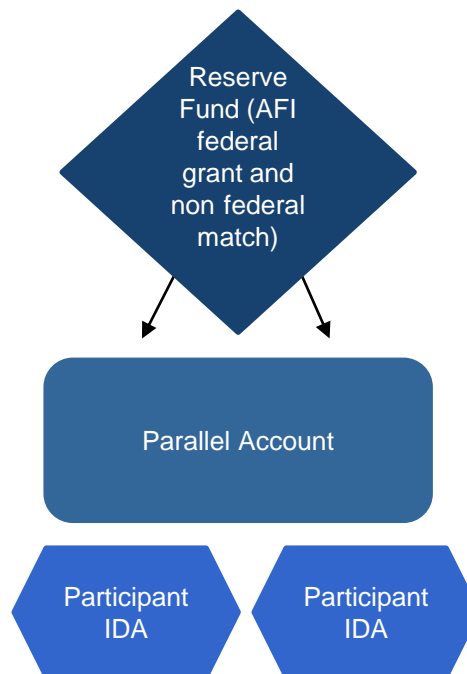
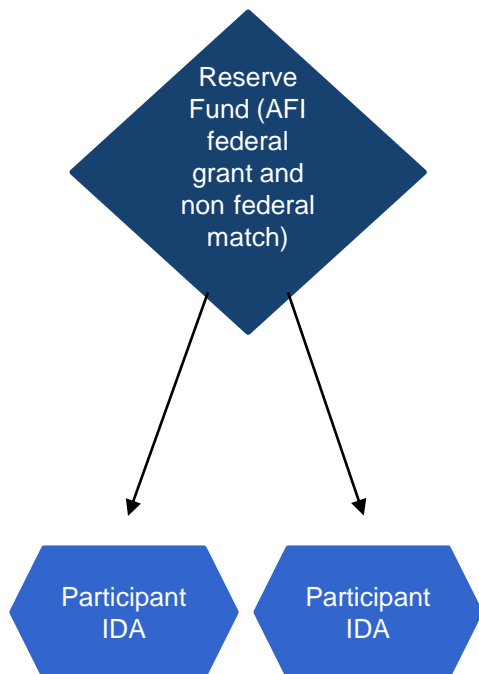
<http://idaresources.acf.hhs.gov/page?pageid=a047000000Ar7qb>

## Savings Requirements: Provide Match Deposits

- Provide match deposits to the participant IDA or parallel account not less than once every three months. For example:
  - If 5 participants have saved a total of \$3,000 at the end of Q1 and your match rate is 3 to 1
  - You transfer \$9,000 to the Parallel Account for that quarter
    - \$4,500 federal funds and \$4,500 non-federal funds.



Grantees use the federal AFI grant and nonfederal funds to **match participant savings** at a standard rate according to grantee's project design.



## Savings Considerations: Provide Match Deposits

- Serves an important purpose! Helps ensure that you:
  - Are tracking your participants' saving on a regular basis
  - Have sufficient federal and nonfederal funds on hand
- Working with your financial institution partner
  - Transfers will be made at least quarterly from the reserve fund to the parallel account
  - Matched withdrawals will be made from the parallel account
    - Be aware of any fees or limitations
- Working with your finance staff
  - The parallel account may build up a significant balance
  - Matched withdrawals will be made from the parallel account
  - Information from the parallel account will help when completing the SF-425

## Savings Requirements: Emergency Withdrawals

- May only be for the following three reasons:
  - Medical care for the account holder, a spouse, or dependents of the account holder
  - Housing payments that prevent eviction or foreclosure of the account holder's primary residence
  - Necessary living expenses of an account holder following loss of employment.
- Must be returned within 12 months

## Savings Considerations: Emergency Withdrawals

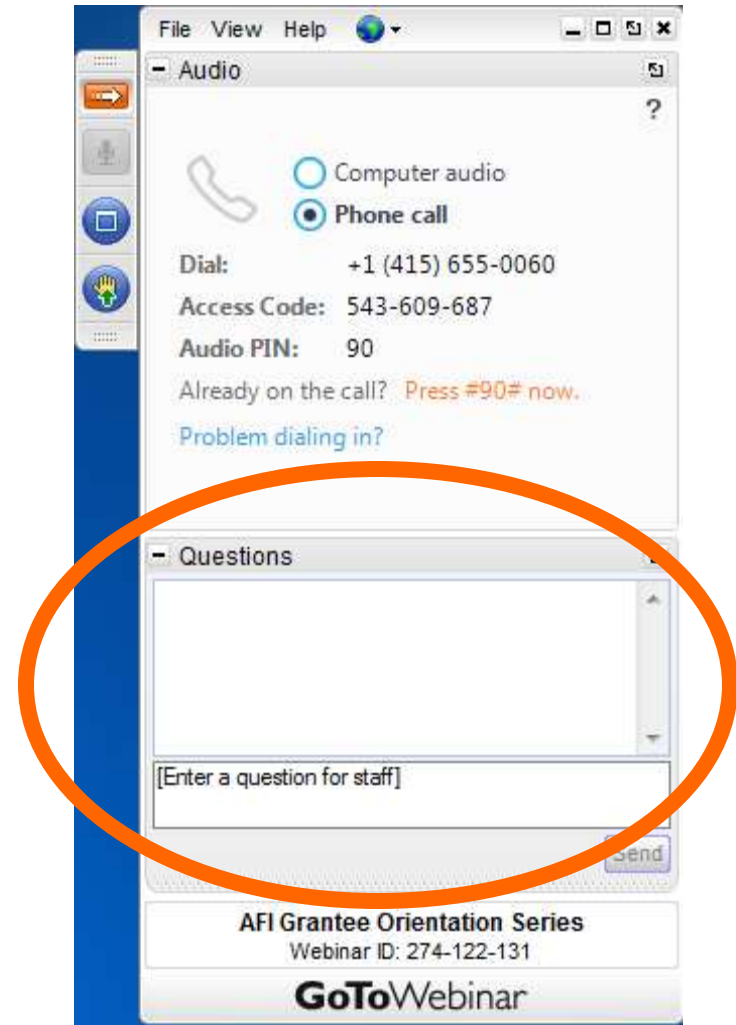
- Timeline
- Other support

## Savings Considerations: Frequency and Monitoring of Savings

- AFI does not have a requirement around monthly, regular, or lump sum deposits
- It is important to monitor your participants' savings progress closely

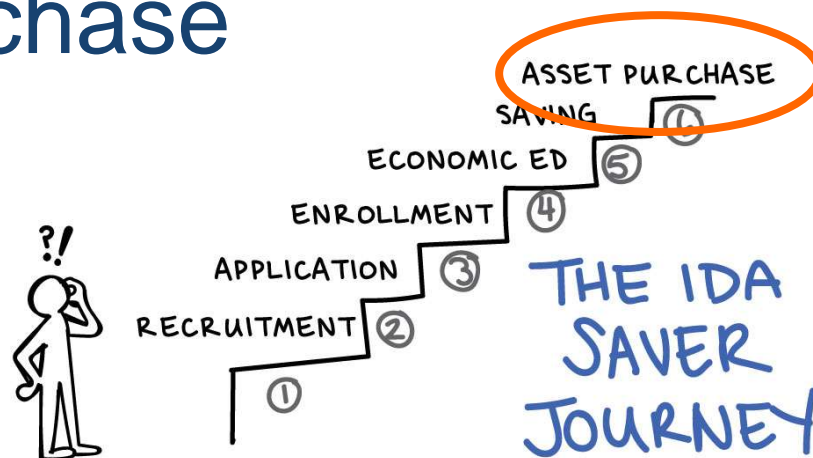
## Questions?

- Ask your questions using the box on the right side of your screen





## AFI Requirements and Considerations : Asset Purchase







## Asset Purchase

- Requirements
  - Withdrawal of funds
    - 6-month minimum
  - Qualified Asset Purchases
  - Qualified Payments
  - Business Plan
- Considerations
  - Executing the matched withdrawals
  - Number and frequency
  - Transfer to a dependent

## Asset Purchase: Requirements

- Withdrawals are limited to two purposes:
  - Asset purchase
  - Emergency withdrawals
- Must be approved in writing by the grantee
- No withdrawals for asset purchase may be made for 6 months from account opening.

## Asset Purchase: Requirements

- Grantees can offer one or all of the following qualified assets in their projects:
  -  Postsecondary education expenses
  -  First-home purchase
  -  Business capitalization expenses
  -  Transfer to IDAs of family members

## Asset Purchase: Requirements



- Postsecondary education expenses
  - Tuition and fees required for the enrollment or attendance of a student; and
  - Fees, books, supplies, and equipment required for courses of instruction.
- Paid directly to an eligible educational institution (Higher Education Act of 1965 and Carl D. Perkins Vocational and Applied Technology Education Act)
  - Institution of Higher Education
  - Postsecondary Vocational Education School

## Asset Purchase: Requirements



- First-home purchase
  - No ownership interest for 3 years
  - Acquisition costs do not exceed 120% of the average area purchase price for a similar home
- Paid directly to the persons to whom the amounts are due



## Asset Purchase: Requirements



- Business capitalization expenses
  - Qualified business
    - Operates legally and does not violate any law or public policy
- May only be disbursed with an approved business plan
- Paid directly to a business capitalization account restricted to use for qualified business capitalization expenses.

## Asset Purchase: Requirements



- For business capitalization savers: an approved, qualified business plan
  - Approved by:
    - A financial institution
    - A microenterprise development organization
    - A nonprofit loan fund
  - Includes:
    - A description of services or goods to be sold
    - A marketing plan
    - Projected financial statements
  - *May* also require the IDA holder to be assisted by an experienced business advisor

## Asset Purchase: Requirements



- Transfer to IDAs of family members
  - Transferred into an IDA of:
    - Spouse
    - Dependent
      - IRS Code of 1986, Section 151

## Asset Purchase: Considerations

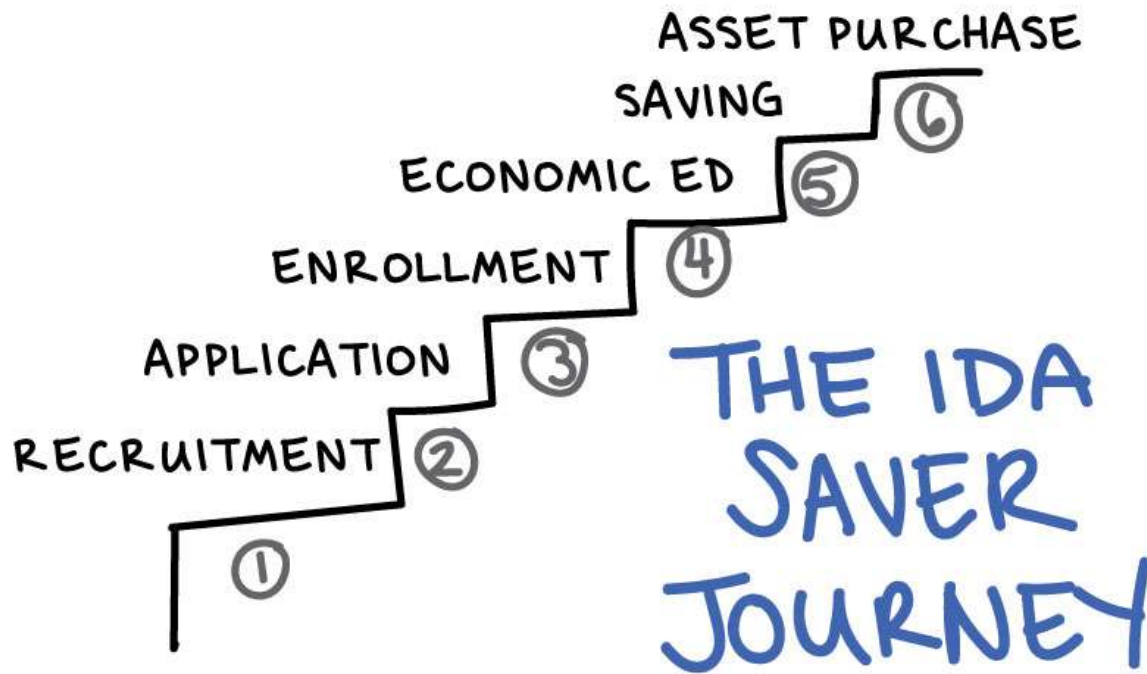
- Execute the matched withdrawal
  - Withdrawal request forms
  - Reviewing and approving purchase request and documentation
  - Confirm balances with in-house finance team
  - Coordinating payment with the financial institution
- Follow-up with participant

## Asset Purchase: Considerations

- The number, frequency, and timing of matched withdrawals
- Transfer of savings to IDA of a family member

## Asset Purchase: Considerations

- Steps you can take earlier to minimize challenges/obstacles:
  - Savings Plan Agreement
  - Checklist of documents required
  - Monitor savings progress
  - Timely payment processes
  - Formal exit process







## Develop Internal Policies and Procedures and External Paperwork



## Develop Policies & Procedures



- A **policy** is a principle to guide decisions and achieve intended outcomes. As a statement of intent, it is implemented as a **procedure**
- These policies and procedures will:
  - Ensure that processes and rules are clear and applied consistently
  - Help create “institutional memory”
  - Include both AFI requirements and internal requirements based on your project design.

## Key Policies and Procedures



- Participant Eligibility, Proof of Earned Income & Application requirements
- Asset Specific Requirements
- Business Plan Approval Process
- Economic education requirements
- Savings monitoring and case management
- Procedures for Withdrawals - qualified asset purchases, emergencies, termination
- Data Collection
- Partnerships and Oversight
- Agency Policy for participant complaints

## Key External Paperwork



- Pre-screening eligibility tool
- Application
  - Net worth calculation form
- Account opening form (from financial institution partner)
- Savings Plan Agreement
- Emergency withdrawal form
- Asset Purchase Withdrawal form

**Resource:**

AFI Participant Tracking Form

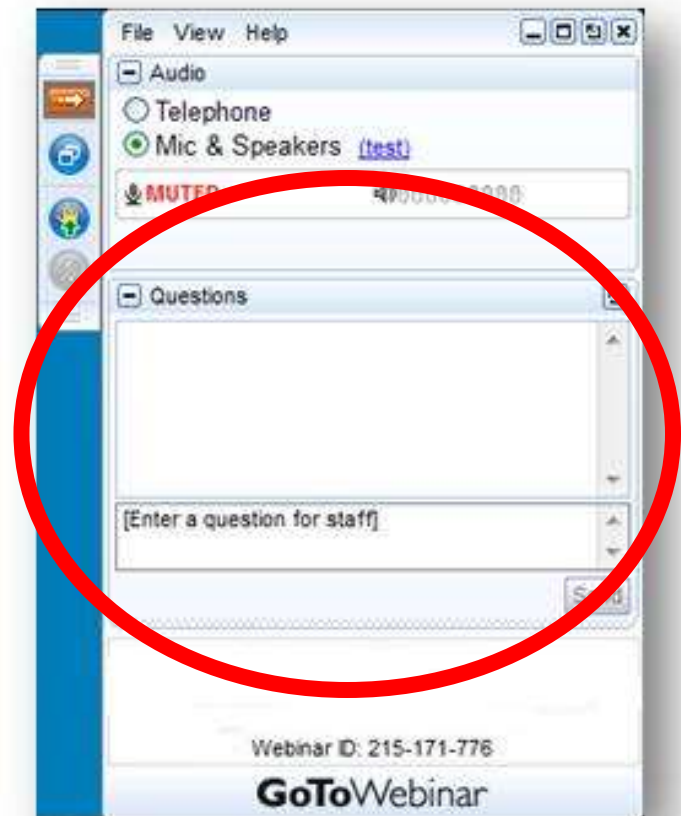
[www.idaresources.org/servlet/servlet.FileDownload?file=01570000001sMzW](http://www.idaresources.org/servlet/servlet.FileDownload?file=01570000001sMzW)

Sample Savings Plan Agreement:

<http://idaresources.org/servlet/servlet.FileDownload?file=01570000000kiny>

### Questions?

- Ask your questions using the box on the right side of your screen





## Other Grantee Orientation Webinars

### **Webinar 4:** [Data and Reporting](#)

Wednesday, December 14, 2016 2:30-4:00 PM EST

This webinar will explain the types of reports you are required to file and the reporting dates. The webinar will also include discussion of using data to manage your project.



## AFI Resource Center

- Home: [idaresources.acf.hhs.gov](http://idaresources.acf.hhs.gov)
  - Calendar: <http://idaresources.acf.hhs.gov/Calendar>
- 
- Help Desk:
    - Email: [info@idaresources.org](mailto:info@idaresources.org)
    - Phone: 1-866-778-6037



Thank You!

