

***Emerging Farmers and Local Food Entrepreneur's
Individual Development Account Program***

*A savings and small business education program offered by
MSU Extension – Van Buren County*

Questions Frequently Asked by Prospective Participants

What is an “IDA”?

IDAs, or Individual Development Accounts, are special matched savings accounts designed to help families and individuals of modest means establish a pattern of regular saving and, ultimately, purchase a “productive asset.” A “productive asset” is something of value that is likely to return substantial long-term benefits to its owner-- benefits like security, stability and opportunities for more income. Participants may use their savings and match money toward a productive asset that will further their farm related business goals.

What is a “savings match?”

A “savings match” is a promise to supplement an IDA participant’s savings deposits at a specific rate; in other words, a 2:1 savings match means that for every dollar a participant saves (up to \$1000), he or she will have another 2 dollars added to his or her total account balance (to a maximum of \$2000).

Why would anyone give away money like that?

Savings matches are not “giveaways.” Participants *earn* savings matches by saving their own hard-earned dollars and taking other steps to prepare for the future, like attending personal finance workshops. Furthermore, providing match dollars is a way to help hard working low-income families and individuals build a more stable and secure future. Everyone benefits when more members of a community have the tools they need, the *productive assets*, to provide for themselves and their families. This same thinking has been behind government initiatives like the Homestead Act of the nineteenth century and the GI Bill following World War II.

Is there more to an IDA Program than just savings matches?

Absolutely. Most people need more than just cash to become successful farmers and entrepreneurs, college or vocational school students. For this reason participants will attend educational courses to develop agricultural and business development skills. An educational plan will be developed for each participant to acquire or polish the personal and financial skills that are essential for long-term success, skills like long-range planning, budgeting, and basic technical skills to harvest and sell a crop.

Who is eligible to participate?

The Emerging Farmer and Local Food Entrepreneur IDA Account Program is open to individuals or families who meet the following criteria:

- 1) Residence in southwest Michigan
- 2) Total household income that qualifies for the Federal Earned Income Tax Credit (EITC) - less than \$11,490 for an individual, \$12,490 for a family of two, \$31,339 for a family of three or \$35,458 for a family of four
- 3) Have some form of monthly earned income; earned income can come from traditional wages or from some form of self-employment

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What is required of IDA participants?

IDA participants are asked to commit to:

- make monthly savings deposits of at least \$25
- save in the program for at least 12 months
- attend educational programs designed to meet the needs of the beginning farmer and local food entrepreneur
- participate in asset-specific ownership preparation training
- support one another through on-going peer support meetings

Where are savings deposited?

The IDA program has enlisted Country Heritage Credit Union as a financial institution partner. Program participants establish special IDA savings accounts, jointly owned by Van Buren MSU Extension and individual participants, at this institution. IDA accounts will not be assessed any monthly service fees and will be insured by the FDIC, FSLIC or FCUIC for up to \$100,000 per account.

What about making savings withdrawals?

Because IDAs are intended to help people purchase productive assets, withdrawals for non-asset uses are strongly discouraged. However, in certain emergency situations, program participants may withdraw some of their savings before they are ready to purchase their chosen asset goal. Such withdrawals would *not* include savings matches. And, of course, participants are always free to close their accounts, withdraw from the program and receive all of their savings and earned interest.

How do participants receive match funds?

Matched funds will be made available to participants when they are ready to purchase an asset. At that time a vendor check will be issued directly to the company, institution or individual furnishing all or a part of a participant's asset goal.

How can I apply to participate?

Anyone interested in finding out more about this IDA Program should attend contact MSU Extension for an interview. Enrollment applications are available at the MSU Extension office in Paw Paw. To find out the dates and locations of upcoming orientations, or to receive additional information or ask a specific question, call Julie Pioch, at MSU Extension 269-657-8213, email piochj@msu.edu or Lee Arboreal at 269-427-0423.