

# Alaska Individual Development Account (IDA) Program

## What is the Alaska IDA Program?

- A **statewide** program that enables low-income Alaskans to accumulate assets and escape the cycle of poverty permanently
- A program that targets the **most disadvantaged Alaskans** – people who have the most barriers to savings (i.e. single parents, people on SSI or SSDI)
- A **matched savings account program** designed to help low-income Alaskans accumulate savings for a home, higher education and training, or a business
- A **pooled account**, managed by a sponsoring entity, that matches up to \$1 million available through the federal **Assets for Independence Act** (\$1 million) without unduly burdening any one agency or organization

## What are the benefits to low-income Alaskans?

- When low-income people accumulate assets rather than simply increasing their income, they are more likely to escape the cycle of poverty permanently
- Low-income Alaskans will have an opportunity to live the American dream of owning a house, getting a higher education or starting a business

## What are the benefits to affiliated agencies or organizations?

- Creates a \$2 million dollar program without unduly burdening any one agency
- Creates an economy of scale that cannot be taken on by any single entity
- Creates financially literate communities of quality borrowers for a strong Alaskan economy.
- Individuals served by participating agencies or organizations will be eligible for the Alaska IDA program on a first come, first served basis
- The IDA program would be available statewide rather than restricted to one geographic area or targeted group as is the case now
- The IDA program would be replenished annually so new people could be served



## How does the program work?

- Affiliated agencies must contribute at least \$10,000 in order to refer low-income people to the IDA
- Affiliated agencies must work with a financial institution to ensure financial literacy classes are available for IDA participants
- Every \$1 in savings will be matched with \$4
- The IDA program is capped at \$5,000 per individual
- The lead entity will manage individual accounts electronically
- Program participants must meet low-income guidelines
- IDA participants must agree to:
  - ✓ Contribute 25% of their Permanent Fund Dividend to savings
  - ✓ Save a minimum of \$10 a month to a maximum of \$125 a month in earned income
  - ✓ Attend financial literacy classes
  - ✓ Be enrolled in the program for 6 months before getting a match

# IDA Account Facts and Figures

## Alaska Facts

- In December of 2008, Alaska recorded 2,252 adult recipients of TANF
- The U.S. Census Bureau (2007) reported 9.8% of Alaskans are below poverty level
- Homeownership in Alaska is lower than the national average (64.5% vs. 67.3%)

## National Facts

- Banks often experience 3 to 4 additional accounts for each IDA holder
- IDA's offer a path to establishing accounts for the unbanked
- Financial institutions can meet all three levels of their Community Reinvestment Act obligations by participating in IDA's
- Individuals with a Bachelor's degree earn an average of \$51,206 per year
- Individuals who only have a high school diploma earn an average of \$27,915 per year
- Since inception of the AFIA IDA program, over 470 projects have been implemented by 298 organizations across the nation
- Through FY 2007, nearly 19,000 participants have completed the required financial education and used their accumulated IDA savings and matching funds to purchase long term economic assets

## Who is eligible to enroll in an IDA?

- Those who are eligible for Temporary Assistance for Needy Families (TANF)
- Those who are eligible for the Federal Earned Income Tax Credit (EITC)
- Those whose income is less than two times the Federal poverty line
- Clients may have no more than \$10,000 in net asset wealth when they enroll in an AFI Project (not including one automobile and a home)



There are an estimated 63,497 small businesses in Alaska. Of the 16,975 firms with employees, an estimated 96.9%, or 16,443 are small firms.

**“The highest use of capital is not to make more money, but to make money do more for the betterment of life”**

**- Henry Ford**

**The Alaska Asset Building Coalition**  
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