

# Maine Family Development Account (FDA)

## Questions and Answers

### **What is the FDA Program?**

The FDA Program enables income-eligible individuals and families to have matched savings that will be used to buy a home, pay for education, or start or expand a small business. Participating families open a savings account to be used toward their identified goal. These savings will be matched upon withdrawal approved purchases.

### **Who is eligible to open FDAs?**

Families who are eligible for TANF or the Earned Income Tax Credit usually qualify to open a FDA. Annual household income must be at or below \$23,760 for one person, \$32,040 for two people, and \$40,320 for three people (for larger households please check with the FDA staff person for the income guideline). *There are additional eligibility requirements.*

### **What can the savings and match funds be used for?**

The savings and match funds can be used for:

- Home Ownership:
  - The FDA can be used for a down payment and closing costs on the purchase of a home.
- Business Development:
  - The FDA can be used to cover the costs of starting a business or expanding an existing business.
- Education or Training:
  - The FDA can be used for education purposes, including vocational and technical training, community college, or university.

### **How much can a person save in an FDA?**

Account holders usually save between \$20 and \$80 per month in an FDA for a maximum personal savings of \$1,000 for business or education, and a maximum of \$2,000 for a home. *All participant deposits must come from earnings from employment or self-employment.* Each dollar saved is matched by four additional dollars.

### **What are the time frames for participation in the program?**

Families must save for at least six months, and may save for up to two years. Length of participation depends on the identified savings goal and how much a family is saving each month.

### **How does the program work?**

Participation in the program includes the following steps:

1. Family fills out an FDA application.
2. Family identifies a savings goal, monthly amount to be saved and total savings.
3. Application is approved by staff member and/or review committee.
4. Family opens account and begins saving.
5. Family completes money management training and asset specific training.
6. When goal has been met, match funds are made available for asset purchase.

### **What access is there to FDA savings during program participation?**

Families have access to the FDA savings during their term of participation, with the following restrictions:

- Families may access their savings for emergency use once during their participation in the program, after the minimum savings period of six months.
- Families may withdraw their savings and leave the program at any time. Families can only withdraw what has accumulated of their own savings, without access to match funds.

*This program is administered through the Maine Family Development Account Coalition. For more information please call Jean Dempster at 1-800-442-2092.*

*Updated January 2016*