

Dakota Dream Savings Fund

Questions Frequently Asked by Applicants

What is the Dakota Dream Savings Fund?

The Dakota Dream Savings Fund is a matched savings account designed to help families and individuals 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 increased income. Savings Fund participants may use their savings and match money toward any of the following three assets: a first home, small business start-up/expansion or a post-secondary education.

What is a “savings match?”

A “savings match” is a promise to supplement a participant’s savings deposits at a specific rate; in other words, a 3:1 savings match means that for every dollar participants save, they will have another 3 dollars added to their total savings at completion!

How much money will I receive?

The match ratio depends on funding; it may be a 1:1 up to 3:1 match. For example, participants are able to save up to \$2,000 for a match of \$6,000 if the match ratio is 3:1. This means if the maximum amount is saved, the participant receives a total of \$8,000 to use for their asset purchase.

What are the other eligibility requirements?

The program is open to individuals or families who meet the following criteria:

- 1) Residence in South Dakota.
- 2) Total household net worth (assets minus liabilities) cannot exceed \$10,000, excluding primary residence & one vehicle.
- 3) Total household income that does not exceed 200% of poverty as published by the Department of Health and Human Services annually.

INCOME GUIDELINES for 2008

200% of the poverty level

Household Size:

Family of One	\$21,600
Family of Two	\$29,140
Family of Three.....	\$36,620
Family of Four	\$44,100
Family of Five.....	\$51,580

(Add \$7,200 for each additional household member.)

Do I have to be currently employed in order to qualify for the Dakota Dream Savings Fund?

Yes, federal regulations clearly state that deposits made into the savings fund MUST be from earned income. Although, for this program, some funds have been set aside for individuals with unearned income such as SS, SSI, SSDI, pensions, retirement, etc, the match rate will be \$3:\$1.

Even though I qualify now, what happens if my income increases?

Once you have proven eligible and accepted into the program, eligibility is “locked in”. Participants need only be income eligible at the time of acceptance.

What do I have to do to receive the match funds?

The program has four main requirements that must be completed before participants can receive match funds:

1. Deposit at least \$25 into your Savings Fund each month of participation. Participants must save for *at least* 6 months, possibly 10 months, before becoming eligible to use savings for an asset purchase. Savings periods generally last about 3 years but a savings period of up to four years may be possible depending on grant guidelines.
2. Enroll in case management and meet regularly with a case manager to set and work toward personal and financial goals.
3. Complete 10 hours of financial education. One of the following curricula will be offered during the first year of saving:
 - a. Money Smart
 - b. Practical Money Skills for Life
4. Complete 8 hours of specialized asset training. The type of training received depends on the participant’s savings goal.
 - a. Homeownership
 - i. Homebuyer Education Course (FREE)
 - ii. One-on-One budgeting sessions with the Dakota Dream Coordinator. (FREE)
 - b. Post-secondary Education
 - i. One-on-One sessions with an educational advisor appointed by the college chosen. (FREE)
 - ii. Education Funding Worksheet
 - iii. Individual Research
 - c. Small Business Start-up or Expansion
 - i. One-on-One session with business counselor after courses are completed. (FREE)
 - ii. Complete an approved business plan and marketing research.
 - iii. Complete various online business workshops

What happens if I decide to open an account but later change my mind?

Any deposits made are owned by the participant and can be withdrawn to leave the program. However, if leaving the program without completing the asset goal a participant loses access to any match funds. Match funds are only awarded at the completion of the asset goal and are provided directly to the vendor of the asset (for example, the mortgage company or college.)

What if I want to change my savings goal during the savings period?

Participants are able to change a savings goal if they have a reasonable amount of time to complete asset specific training for that goal and plan for the purchase. The Dakota Dream Savings Fund encourages long-term planning for a specific goal, but sometimes circumstances change causing goals to change as well.

Will a Dakota Dream Savings Fund affect my benefits from other programs?

Will it affect my taxes?

Not fully, a Savings Fund opened as part of an Assets for Independence demonstration project is disregarded in determining eligibility for other means-tested programs. Match funds are NOT taxable and do NOT count toward any asset limit for assistance programs. However, the participant's savings are counted and taxable – but since all savings must come from earned income, these savings have already been taxed and counted as income for other programs.

Will my match money affect the amount I receive in Federal Pell Grants?

No. Any financial aid amount participants are eligible for cannot be reduced due to the amount of the Dakota Dream Savings used for education. Under the *Assets for Independence Act legislation, Section 415 No Reduction in Benefits*, Funds in an individual development account (IDA) shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

Can I use my Dakota Dream Savings Fund in addition to other assistance programs?

Yes. For example, education Savings Fund can only be used to pay for tuition and fees, but Pell Grants can be used toward a variety of living expenses, so participants are able to use Savings Funds to pay for classes, freeing up Pell Grant funds to use for rent and transportation. However, keep in mind that some assistance programs cannot be used in addition to other programs. For example, two federally funded home purchase assistance programs cannot be used together, but a city funded and federally funded program can. A staff member will always be available to help with these questions during the purchase process.

I already have some money saved. Can I move existing savings into the Dakota Dream Savings Fund?

No. All savings must come from income earned during the savings period. Participants are encouraged to open or keep another savings account for any extra savings that is not deposited into the Dakota Dream Savings Fund.

Where can I buy my asset (home, start my business, go to school)?

Dakota Dream Savings Funds may be used anywhere in South Dakota. Post-secondary education may be pursued outside of the service area, as long as the participant remains a permanent South Dakota resident when purchasing their asset. Each Community Action Agency will serve their prospective service areas.

Can I use my funds toward traveling expenses when marketing for my business or even toward traveling expenses for post-secondary education?

No. Any funds received through the Dakota Dream Savings Fund are to be paid directly to the vendor for any “qualified expenses”. Under the *Assets for Independence Act Legislation, Section 404 Definitions*, qualified expenses for small-business start-up/expansion include expenditures included in a qualified business plan, including capital, plant, equipment, working capital, and inventory expenses. Qualified expenses for post-secondary education include tuition and fees required for the enrollment for attendance of a student and also any supplies and equipment required for courses of instruction at an eligible educational institution.

Where are savings deposited?

Accounts are held at a local bank in your area. Participants will open their accounts and make monthly deposits at that bank. Accounts do not incur any service fees and do accrue a small amount of interest.

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. However, withdrawing before reaching an asset goal does forfeit all matching funds.

How do participants receive match funds?

Match 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 (a mortgage company, wholesale supplier or community college, for example).

For more information about the Dakota Dream Savings Fund, please contact:

Northeast South Dakota Community Action Program

Maureen Nelson

Dakota Dream Coordinator

104 Ash Street E. Sisseton, SD 57262

(605) 698-7654 ext 28

nesdcap@nesdcap.org

www.nesdcap.org

Household Information

Total number in household: _____

Please list all household members:

Full Name	Date of Birth	Relation	Education Level
		<i>Self</i>	

Emergency Contact Information

Please list a relative or friend who would know how to contact you, even if you move:

Name: _____ Phone: (____) _____
 Street: _____ Apt #: _____
 City: _____ State: ____ Zip Code: _____

Monthly Budget Information

Fixed Expenses:
 (Rent or mortgage, utilities, phone, etc.) \$ _____

Flexible Expenses, average:
 (Groceries, gas, entertainment, etc.) \$ _____

Debt Expenses:
 (Student loan, car loan, credit card payments, etc.) \$ _____

Savings:
 (Amount put aside for savings each month) \$ _____

Total monthly budget: \$ _____

Employment Information

Primary employment status of applicant (*choose one*):

- | | |
|--|--|
| <input type="checkbox"/> Employed more than full-time (<i>overtime or more than one job, for yourself or others</i>) | |
| <input type="checkbox"/> Employed full-time (<i>for yourself or others</i>) | |
| <input type="checkbox"/> Employed part-time (<i>for yourself or others</i>) | <input type="checkbox"/> Currently seeking employment |
| <input type="checkbox"/> Working and in school or job training | <input type="checkbox"/> Homemaker, not seeking employment |
| <input type="checkbox"/> Laid off, waiting for call back | <input type="checkbox"/> Disabled, not seeking employment |
| <input type="checkbox"/> Currently in school or job training | <input type="checkbox"/> Retired, not seeking employment |

Employer Name: _____

Address: _____

Current Wage: \$ _____ (circle one) hourly monthly yearly

Submit pay stub with year to date income on it or past 3 months of pay stubs and most current tax return.

If self employed, please submit previous two (2) years of tax returns.

Applicant has been employed by current employer for ___ years or ___ months. If less than one year, please list previous employer and time employed: _____.

Has the applicant's income increased, decreased, or stayed the same in the last twelve months?

Primary employment status of co-applicant (*choose one*):

- | | |
|--|--|
| <input type="checkbox"/> Employed more than full-time (<i>overtime or more than one job, whether self-employed or not</i>) | |
| <input type="checkbox"/> Employed full-time (<i>self-employed or not</i>) | |
| <input type="checkbox"/> Employed part-time (<i>self-employed or not</i>) | <input type="checkbox"/> Currently seeking employment |
| <input type="checkbox"/> Working and in school or job training | <input type="checkbox"/> Homemaker, not seeking employment |
| <input type="checkbox"/> Laid off, waiting for call back | <input type="checkbox"/> Disabled, not seeking employment |
| <input type="checkbox"/> Currently in school or job training | <input type="checkbox"/> Retired, not seeking employment |

Employer Name: _____

Address: _____

Current Wage: \$ _____ (circle one) hourly monthly yearly

Submit pay stub with year to date income on it or past 3 months of pay stubs and most current tax return.

If self employed, please submit previous two (2) years of tax returns.

Spouse has been employed by current employer for ___ years or ___ months. If less than one year, please list previous employer and time employed: _____.

Has the spouse's income increased, decreased, or stayed the same in the last twelve months?

Income Information

If you receive any of the following income, **provide the award letter that states the amount received**. List income of all household members - please list *gross income* (before taxes):

<u>Category</u>	<u>This Month</u>	<u>Last Month</u>
TANF	\$ _____	\$ _____
Food Stamps	\$ _____	\$ _____
SSI	\$ _____	\$ _____
Social Security	\$ _____	\$ _____
Unemployment	\$ _____	\$ _____
Veteran's Benefits	\$ _____	\$ _____
Pensions or retirement income	\$ _____	\$ _____
Child support	\$ _____	\$ _____
Alimony payments	\$ _____	\$ _____
Friends or family	\$ _____	\$ _____
Investment income	\$ _____	\$ _____
Other (please specify: _____)	\$ _____	\$ _____

Assets & Liabilities – For All Household Members

Fill out and return Vehicle Information Form.

Assets and liabilities: (Circle one)

Do you own a vehicle(s)?	Yes No	Number of vehicle(s): _____	
Value of vehicle: \$ _____		Balance on loan: \$ _____	
		Location of loan: _____	
Value of vehicle: \$ _____		Balance on loan: \$ _____	
		Location of loan: _____	
Value of vehicle: \$ _____		Balance on loan: \$ _____	
		Location of loan: _____	
Do you own a principle residence?	Yes No	Value of home: \$ _____	
		Outstanding mortgage: \$ _____	
		Location of loan: _____	
Do you own more than one home?	Yes No	Value of home: \$ _____	
		Outstanding mortgage: \$ _____	
		Location of loan: _____	
Do you own a business?	Yes No	Value of business: \$ _____	
		Outstanding loan(s): \$ _____	
		Location of loan: _____	

Do you own residential Rental property or land? *Yes No* Value of property: \$ _____
 Outstanding property loan: \$ _____
 Location of loan: _____

Do you have any recreational vehicles? (Ex. camper, boat, RV) *Yes No* Value of property: \$ _____
 Outstanding loans: \$ _____
 Location of loan: _____

Do you own stocks, bonds, a 401k, or other investments? *Yes No* Value of investments: \$ _____
 (Provide verification of surrender amount)

Do you have a checking account? *Yes No* Amount in account: \$ _____
 (Submit copy of most recent bank statement for all accounts)

Do you have a savings account (other than an IDA)? *Yes No* Amount in account: \$ _____
 (Submit copy of most recent bank statement for all accounts)

Do you owe money to friends or family? *Yes No* Amount you owe: \$ _____
 (Provide verification)

Do you have past due household bills? *Yes No* Amount past due: \$ _____
 (Provide verification)

Are you carrying a balance on credit card(s)? *Yes No* Amount of balance(s): \$ _____
 (Provide copy of most recent credit card statement for each account)

Do you have personal loans? *Yes No* Amount of loan(s): \$ _____
 Name and address of Lender: _____

Do you have student loans? *Yes No* Outstanding loans: \$ _____

Do you have outstanding medical bills? *Yes No* Outstanding balance: \$ _____
 (Provide copy of most recent statement)

Do you have any pay day loans? *Yes No* Outstanding balance: \$ _____
 (Provide verification)

Do you have any judgments against you? *Yes No* Outstanding balance: \$ _____

Have you ever filed for bankruptcy? *Yes No* Date filed: _____

Have you ever been a recipient of TANF or AFDC? *Yes No* If so, when: _____
 (Please submit award letter)

Applicant Personal Statement

What asset purchase are you planning on making with the money you save: down-payment on a home, postsecondary education, business start-up/expansion? What are your goals associated with this asset?

What steps have you taken toward these goals so far?

How much do you think you will need to save in order to reach this goal? \$_____

How much do you think you could afford to save each month? \$_____

Applicant Certification

My/Our signature below certifies that

- All information provided on this application is accurate and complete to the best of my/our knowledge;
- I/we are willing to commit to this program and complete all requirements including:
 - Saving a minimum amount each month toward my asset goal;
 - Financial Education
 - Asset specific education/training
 - Case management throughout the program timeframe.
- I agree to provide all information as required to determine my/our eligibility in the program.
- I authorize NESDCAP to process my application and to seek additional information needed to ensure I/we are eligible for the program, including
 - Obtaining a credit report
 - Verifying employment & earnings
 - Verifying net worth

Signature: _____

Date: _____

Signature of Co-Applicant: _____

Date: _____

Signature of Co-Applicant: _____

Date: _____

For Office Use Only

Date received: _____ Application reviewed by: _____

Application complete Interview scheduled: _____

Participant start date: _____

Paper file established Data entered in AFI²

Ineligible

Reason _____

Notification Sent Date: _____

Northeast South Dakota Community Action Program
Dakota Dream Savings Fund

AUTHORIZATION TO RELEASE INFORMATION

Applicant: _____
Street Address: _____
City: _____ State: _____ Zip: _____
Social Security Number _____ Date of Birth _____

I have applied for assistance for the Dakota Dream Savings Fund through the Northeast South Dakota Community Action Program (NESDCAP). As part of the process, NESDCAP may verify information contained in my request for housing and in other documents required in connection with the request.

I authorize you to provide NESDCAP for verification purposes the following applicable information.

- Past and present employment or income records
- TANF/SS/SSI benefits
- Child Support/Alimony/Monetary Gifts
- Bank account, stock holdings, 401K, and any other asset balances
- Any liabilities such as student, personal, payday loans
- Medical Records, or unpaid medical bills
- Other consumer credit references
- _____
- _____
- _____

I hereby authorize any person, agency or institution to supply information requested by Northeast South Dakota Community Action Program (NESDCAP) concerning me or my family, and to allow inspection and reproduction of records in his or their possession pertaining to me or my family by any duly authorized representative of NESDCAP.

I further authorize NESDCAP to release such information to providers or cooperating State or Federal agencies.

I herewith release any person, agency or institution from any and all liability to me of my family for supplying such information.

This authorization is given only in connection with its use by NESDCAP in its administration of its programs and for no other purpose. It shall continue in effect until such time as I state, in writing, to NESDCAP that it is no longer valid.

Your prompt reply is appreciated.

Signature

Date

Signature

Date

"EQUAL OPPORTUNITY ORGANIZATION"

"In accordance with Federal Law, this institution is prohibited from discrimination on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited basis apply to all programs.)"

"To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD). NESDCAP is an equal opportunity provider and employer."



**NESDCAP- Dakota Dreams Savings Fund
Vehicle Information**

Make: _____

Year: _____

Model: _____

Mileage: _____

Engine size: _____

Transmission (circle one): Automatic 5 Speed 6 Speed

Circle one: 2WD 4WD

Circle one: 2 door 4 door

Condition of car (circle one): Excellent Good Fair Poor

Pickups (circle one): Short bed Long bed Club cab

Pickups (circle one): 1500 2500 3500

Make: _____

Year: _____

Model: _____

Mileage: _____

Engine size: _____

Transmission (circle one): Automatic 5 Speed 6 Speed

Circle one: 2WD 4WD

Circle one: 2 door 4 door

Condition of car (circle one): Excellent Good Fair Poor

Pickups (circle one): Short bed Long bed Club cab

Pickups (circle one): 1500 2500 3500