"Tools for Success" webinars for Assets for Independence grantees:

Determining Participant Eligibility and Tracking Participant Progress
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Jimmy Crowell: Good afternoon everybody and welcome to our webinar on Determining Participant Eligibility and Tracking Participant Progress. This webinar is next in our serious of "Tools for Success" webinars designed for Assets for Independence Grantees and sub-grantees. My name is Jimmy Crowell and I would like welcome you to our conversation today.

Before we start today's presentation I would like to begin with a few housekeeping items. If you're having trouble dialing in, you can listen to your computer using speakers or connecting a headset. If you're having technical difficulties such as trouble connecting to the visual portion of the webinar send us an email and we'll send you the PowerPoint files as an attachment so you can follow on. The email address is tmurphy@cfed.org.

Today's webinar is being recorded so you will be able to review it on demand. You'll receive a follow up email in a week or two with details on how to access the recording. We'll also send a copy of the PowerPoint presentation that's being used today.

We realize that some of you on this call may not be AFI Grantees. So, we want to provide you with some information about the program. The Assets for Independence program or AFI for short is the largest source of funding for IDA programs nationally. To learn more about AFI, including how to apply, visit www.idaresources.org. We also encourage you to attend an upcoming orientation webinar, the Prospective Grantee webinar on Developing Resources and Partners; that's on Wednesday, April 10th from 2 to 3 PM EST, and you can register at idaresoruces.org.

With that I'm going to introduce our great guest speakers today. They're both from the AFI Resource Center, which provides training and technical assistance to AFI grantees across the country. Our first panelist is Anne Yeoman, welcome Anne. You want to say, 'Hi'?

Anne Yeoman: Hello everyone I'm really pleased to be talking to grantees and potential grantees together. We've been out of touch for a while.

Jimmy Crowell: Great. Our next guest speaker is Kori Hattemer also with Resource Center. Welcome Kori you want to say, 'Hi'?

Kori Hattemer: Hi everyone and thank you so much for tuning in today.

Jimmy Crowell: And that's me, I'm Jimmy Crowell, I'm the moderator and also with the AFI Resource Center and I'm also really happy that we're on this call today. Okay, the objectives of today's session are to highlight two new AFI Tools for Success. The Participant Eligibility Worksheet and the Participant Tracking Form. Both of these tools can be found on idaresources.org under the "Managing your Grant" tab all the way at the bottom under Tools for Success Guides. We're also going to review AFI Eligibility rules and think through common scenarios where determining eligibility can be tricky and we'll discuss how tracking participants completion of program milestones and keeping all required backup documentation in order can help your AFI program run more smoothly and successfully. With that I'm going to pass it over to Anne.

Anne Yeoman: Hi, because I said I'm really, I'm very pleased to be able to talk about some of these things with you, that you all, many of you probably know Assets for Independence was a demonstration grant and over the years we've learned a great deal and one of the areas that is often challenging for grantees and even for those considering becoming grantees, this understanding the eligibility rules, a basic guidelines which appear to be fairly simple but can sometimes be complex to apply. And then the separate issue of Earned Income. So, I do want to start with kind of giving you a fundamental premise, to actually be in AFI program have participants enrolled and so forth, they need to be eligible and they need to have earned income to actually participate. But, eligibility and Earned Income actually come into play in two different ways. So, just as a beginning fundamental concept eligibility is based on characteristics of the household, okay. The earned income question for someone who is deemed eligible, the earned income question is a matter of; do they've Earned Income that they can actually deposit? So, practically speaking, they sort of run together but technically they operate separately. And so, when we talk about eligibility that one set of questions and after that then we address the question of earned income if you're going to actually enroll someone. So, there are basically two ways that someone can be eligible to participate and Assets for Independence matching saving programs. The first general category is that you're TANF eligible in your state, and TANF stands for Temporary Assistance for Needy Families. But I do need to remind everyone many of you probably know this TANF is not only a cash benefit. TANF eligibility might be someone who is working and therefore, has a better income but they're getting TANF Assistance or Childcare Assistance, transportation, some kind of training, something else. So, when we think of TANF eligible, you maybe looking at a household who has only cash assistance or you might be looking at an applicant household that is getting TANF but its TANF's one of the supportive services. So, just in your state we'll determine what are the thresholds and guidelines are for TANF eligibility in your state? But the short version is; if someone is TANF eligible in your state then they're eligible for AFI, okay. Just the eligibility part, that's right thanks.

Jimmy Crowell: And now, I'm going to see if you guys are paying attention and present a scenario. So, this scenario the Smiths, a family four, receive Temporary Assistance for Needy

Families (TANF), the family has no earned income and is heavily in debt. They've teenage daughter, Janet, who is interested in opening an IDA for educational expenses. So, the questions that we're going to talk about and think about is that Jennet eligible for an AFI IDA program and I'm actually going to launch a little instapoll so that you guys can participate and we'll see what you guys think? So, I'm going to launch it right now. So, please just take a couple of seconds to answer the question. The question is; is Janet eligible for the AFI IDA program, 'No', 'Yes? She can open an IDA account and start saving or yes but she can't make qualifying deposits? Please answer. I'm going to close the poll and share the results, and it looks like a mix. So, 37% of you said 'No', 53% of you said 'Yes', that she can't make qualifying deposits. So, Anne do you want to talk about this?

Anne Yeoman: Okay. So, let's think this through, and we'll say odd percentage that they don't know. Okay. So, let's think this through a little bit. Remember that eligibility is based on characteristics of the household, okay. So, this is a household that is TANF-eligible, right? So, in terms of the eligibility there would be a 'Yes', okay. The second question though, then and actually this is a little bit of a trick question about Janet but let's start with the second question; is Janet able to open an AFI IDA? So, the answer is a qualified 'Yes', okay. Janet can open an AFI IDA, if Janet has earned income, okay. So, she would be eligible because of the TANF-household. Now, the eligibility is based on the household. Her earned income would give her something that she could actually deposit. Now, the reason this is a little bit tricky is depending on how old Janet is and so forth. There maybe some challenges around opening the IDA, but it really should not be a problem, let's say Janet is 16, an average bank won't open accounts for individuals who're under 18. But since the account is going to have her signature at least and the grantee's signature on it, then there really should be no objection to the bank, from the bank on that score. But it would be a good thing to discuss with your financial institutions just to be sure.

Jimmy Crowell: Okay, and actually Anne we just got a question in here.

Anne Yeoman: Mm-hmm.

Jimmy Crowell: So, I'm going to just through it out to you. What if our participants becomes…

Anne Yeoman: But she does have to earn it if she had the earned income.

Jimmy Crowell: Right. What if a participant becomes unemployed midway through the program?

Anne Yeoman: That scenario is one in which grantees can set their own policies. So, someone enrolls, they're eligible based on their household, they have earned income that you actually open the IDA for them or they loose their job, you don't have to kick them out of the program. What you want to probably do is to consider having a policy where someone who for some reason is temporarily unable to make their regular deposits can in effect be suspended for some period, while they're dealing with whatever the issue is say, loss of the job, or some other issue that means that they can't make their deposits. But you also would probably want to have even before you jump into your program or even as you're getting underway you want to be sure that you, couple of other things if you can't have partners that could help deal with the emergencies like this. So, have it a very close relationship with your workers board, a very close relationship with organization that will specialize an employment or and or also encourage your participants if they can to have their own emergency funds in addition to the IDA. If that's feasible, that's a great thing. Some grantees also use a fund so variety of sources to have they manage emergency funds that will help people get through this. But you do not have to automatically take them out. You could talk about suspension policy, reevaluate in two or three months to see whether or not they've to come back.

Jimmy Crowell: Thanks Anne.

Anne Yeoman: Okay, the second category of eligibility is a little more complicated and the problem is it's kind of like 1A, 1B, one of those awful kinds of math problems. So, let's kind of, the general principle of this one is that you're looking at income on the one hand and assets or Net Worth on the other hand. So, it's probably simplest to think first in terms of the income and deal with that and then look at Net Worth. But you would have to have, yes, basically satisfied both sides of that bell. Just to make it more complicated there are two ways to determined income okay or income eligibility. The first one is that the household Adjusted Gross Income and the AGI, the Adjusted Gross Income of the collected earnings of everyone in the household who has earnings. And all of that taken together where the household two people working, one person working, four people working, whatever? That collected income and then calculated down to the Adjusted Gross Income, the various deductions and so forth. And the Adjusted Gross Income is less than 200% of poverty, okay. And there is a table _and well show it to you in a few minutes__and it's also part of the actual tool that Kori will demonstrate a little bit later. Those figures are updated usually annually and if you loose the tool or can't find the link then always go to the ACF website and look for it under poverty thresholds, you'll find it. So, 200% of poverty, and what that figure is really depends on the composition of the household, one adult, an adult with two children, four people whatever it is.

So, that's one way of calculating income. The second way of calculating income is whether the participant is eligible to receive the Earned Income Tax Credit. That is also adjusted according to the size of the household adult, there must be children, but depending on whether there is one or two or more children the figures are going to be different, or no children. So, an individual, I think the individual might still be eligible for EITC, it just would be a relatively small amount. But it's not the amount of the EITC, if that they'll be eligible for that, it's if they're eligible for EITC. There are also tables for that and those are also updated every year. In both cases whether you're talking about the poverty threshold, 200% of the poverty threshold, or you're talking about EITC-eligible, the number you want to be looking at is the number that is on the table that is in effect at the time the person applies, okay. Those numbers change from year-to-year, but what you to have whatever the current tables. The other issue is and I think it's implicit already, if someone is entered your program and their income increases, they're already enrolled, and they're eligible based on income and Net Worth. They're already enrolled and their income goes up and their Net Worth goes up, that's a great thing to celebrate, they don't have to leave the program.

Okay. So, that's on the income side, on the Net Worth side in someway, it has its own complexities, but what you want to look at is a total Net Worth of less than $10,000. When you're calculating Net Worth you're going to exclude a residence, if they happen to own a home, and you're going to exclude the value of one vehicle, okay. Now, the plus-minus of this is, that you would exclude the residence and you would exclude one vehicle, in terms of it as an asset, but you would count liabilities associated with those. So, whatever is owed on the mortgage or whatever is owed on a car loan will count in the liability column but you don't have to count that on the asset side. So, basically you'll need to add up all of the assets and we'll talk about that a little more detailed. Add all of the assets and disregard residence and one vehicle per household, add up all the liabilities, do a little math, and see if it comes out to less than $10,000 for the household, okay. If you have the Net Worth less than $10,000 and the Adjusted Growth Income of the household is 200% less of the Federal Poverty Threshold ,or your Net Worth is less than $10,000, and the participants is eligible for the EITC or the applicant is eligible for EITC, then that person is going to be eligible for AFI, okay.

So, now, this is the poverty guidelines. So, as you see it depends on the number of people in the household. Note not **Hawaii or Alaska**, there are additional tables for Hawaii and Alaska that will give somewhat higher figures because the cost of living is much higher there. But those tables are also available with the link.

Jimmy Crowell: And Anne I just got a question and so, I'm going to ask.

Anne Yeoman: Sure.

Jimmy Crowell: How is household defined for AFI purposes?

Anne Yeoman: I think we have that on the documents, right? We're going talk about that later. But basically, it actually is a question that comes up over and over and over again. I'm sure that the legislators that wrote the AFI never considered how many different combinations of households there are. But basically, I guess we should get the official language, shouldn't we? A household, basically, or as the legislation defines it, a household is all individuals who share use of a dwelling unit as primary quarters for living and eating separately from other individuals. Okay, that doesn't actually help a whole a lot. It helps a lot, well, it helps some. But there are many combinations so, are a bunch of college students sharing a room, well, they're sharing an apartment or something and they're eating together probably at least sometimes and that's probably not a household, not a permanent situation, they don't identify themselves as a household. So, you will need to ask those kinds of questions. Go little bit further than just the legislation, there are many, many kinds of living arrangements, we'll see one or two today I think, okay.

Alright, and this is the EITC guidelines, you can see the numbers are a little different than the ones on the poverty table. One of the things that you'll see, and you want to look at both sets of numbers because there are slight differences and sometimes depending on the household composition, the number of adults and children, EITC may work for your applicants and make them eligible but poverty threshold won't or vice versa. So, check both numbers, if they don't make it for one check the other and see, okay.

Okay, I think I sort of jumped ahead and did this but I think the two main things to notice on this slide are when we're talking about that household income it's the AGI, Adjusted Gross Income. So, that's going to be after all your various kinds of tax deductions and allowable expenses and those kind of things. So, just knowing what's someone's basic income is or the collected income of the household is not really going to get you to the AGI, it's one of the reasons that using the previous year's tax return is very helpful because all that figuring is already done for you. On the Net Worth side a couple of things to point out here is of course you do want to add up assets, checking, saving so forth maybe investments, CDs. But when you're talking about Investment CDs or retirement for example, you do not want to, you want to include only those dollars that they actually have access to. So, for example if you have a 401k or you have a pension fund or something you may not have access to the whole value. If you were to go today and take out your money then you might not get it all or you might have a penalty, or you might not be eligible to take any of it until you've been working for a company for X number of years. So, if you're looking at those kinds of things you need to look at what if someone has access to now, or at the time that they were applying.

On the debt side again I've already mention you would include any kind of balance on the mortgage, you would include the balance on a car loan obviously students loans. The Credit Report is a very good guide to debt but not a good guide to assets. You'll have to ask for other kinds of documentation on assets most likely. Okay, verifying income, tax return we've already mentioned. We do often times have applicants who don't, for whatever reason, haven't done tax returns of previous years but you may use pay stubs for the workers in the household. Basically, you want to be comfortable that you have sufficient documentation to verify the income. My personal opinion is that it is good practice, if you enroll someone based on pay stubs, that as soon as they have tax return, you go back and basically get that return on file too but that just a practice not requirement. And again, if you don't have pay stubs you're going to have to figure out the Adjusted Gross Income because that won't be calculated for you. You'll be able to see some of that because of the major deductions already made but not all of it. Again, on Net Worth you're going to look for statements of various kinds, credit reports will help a lot for liabilities, these various mortgage statements, bank account statements, any kind of statements. And you essentially are asking someone to provide documentation and on the application you will basically ask them to sign and say, "This is all true, okay." One more thing around taxes, if your applicant becomes a participant and they have not been doing taxes, you probably want to talk with them about the best strategy to work the IRS to start filing taxes also take advantages of tax credit and refunds they might get but also they need to get right with the IRS or potentially they could lose their IDA. Okay, lots of tests.

Jimmy Crowell: Great, another test. Okay. So, in this scenario, Sam makes $30,000 a year and supports his daughter, who is his qualifying child. He claims her on his taxes and gets the Earned Income Tax Credit. He owns a home worth $90,000 and has debts totaling $70,000. His Net Worth is $4,000. Can he open an AFI IDA in order to start a new business? So, I'm going to launch another poll. So, the question is' can Sam open an AFI IDA in order to start a new business? 'Yes', 'No' or 'Not Enough Information?' Just take a few seconds to answer this. I'm going to close the poll and share the results, and it looks like, 65% said Yes, but another 30% said that maybe there wasn't enough information. So, Anne do you walk through this?

Anne Yeoman: Okay. So, let's do one thing at a time and if we look at whether or not Sam would meet the income guidelines, there are two ways to look at that. Is the Adjusted Gross Income for his household going to be less than a 2 person household, which is something like $31,000 and a little bit on the table, okay? I think in this instance we don't know for sure but his Adjusted Gross Income might very well make him eligible based on that guideline, you see enough deductions that he would be below that amount, looks like he is good, okay. Then he might also be eligible for the EITC. So, you know that he is EITC eligible, at least according to this scenario. So, he is eligible there. So, either way, looks like he is good on the income side. Now, lets look at the asset side that homes worth $90,000 it sounds like a lot, but he does have various kinds of debts at $70,000, So he's gotten himself in trouble, and Jimmy thinks his Net Worth is $4,000. I don't think we have enough information here to know whether or not his Net Worth is $4,000.

But even if we didn't have to know that, even if we had the full picture, well we still have the $90,000 and $70,000, and we know he has the home and so forth, we can still puzzle this out because we know we would disregard the home, right? That's always going be disregarded, if he has a car, which we doesn't say that, a car will be disregarded. If his daughter has a car, he would have to count that car. Okay, but you could count whatever he owns on his mortgage, right? And you can count whatever he owns on his car? We don't know if he's got any kind of retirement or other kinds of investments so you will want to ask about those sorts of things. But it looks to me like he is actually is about $70, 000 underwater, right. You got all of his debt we're going to disregard the home, right? So, I think he is eligible. Now, again this is a little bit of a trick question because he can open an AFI IDA to start a new business but should he? And this actually leads to a kind of a bifurcation. Yes, he is eligible for AFI IDA, is he a good candidate for a new business? That's a little bit of a different question. So, again, once you get passed the eligibility and whether or not someone actually has the earned income that they're going to put in their IDA and you start talking to them about what's going to be their asset goal, as a practical matter you want to be saying, "Is this person a good candidate for business or for home ownership, or whatever it is?" If he has that much debt on that much income, it might be kind of hard for him to really get going in business, right. But that would be a second layer of questions and you might have to say to someone like this, "You know, what you need to get a handle on your debt and we'll work with you or we have a partner that will work with you, come back once you've dealt with that and then you might be positioned to open a business."

Jimmy Crowell: Great, thanks Anne. And now, we're going to move into the live demo portion of the webinar. So, I'm going to pass it off to Kori Hattemer, who developed these tools and she is going to walk through how to use them.

Kori Hattemer: Great, thank you Jimmy. So, as Jimmy mentioned, we created two new tools to help you as you calculate and document eligibility for our potential participants. So, these tools are available on the AFI Resource Center under managing your grand page, under Tools for Success Guides at the bottom of the page. So, the first tool we're going to walk through is the Participant Tracking Form. As you can see the Participant Tracking Form is a three page document but it's essentially two tools in one. After the introductory page, you see the Progress Form and the File Checklist, these are separate the complimentary tools to help you as you manage the individual cases and documentation of program participants as they move through your program. So, these forms can be completed electronically or printed and completed by hand. It's also important to know that there are macros embedded in this document. So, if you want to use it electronically, it's important that when you download and open it, you would be sure to enable macros in your computer. These documents were created to correspond to AFI requirements. So, they're customizable, it's available in Microsoft Word format, you can modify them to meet the particular needs of your program. Ideally, these forms will be updated each time that a participant completes a program milestone so that you can keep up that how they're progressing through the program. So, first we're going to run through this Participant Form briefly. Basically, the Participant Form is a snapshot of current participant progress as they're completing an asset purchase. The form chronologically documents a participant's progression through the program starting with the orientation and the determination of eligibility and then ending with successful or unsuccessful exit from the programs. As you can see the document is broken down into four categories—The Program Initiation, right here, next you have Education and Training, Program Completion, and then at the very bottom there is space for notes, if you want to add them.

Hopefully, you and your colleagues can use this form to quickly review the status of a participant and see where they might be stuck so that you can provide them with targeted case management on how to unstick them. So, for example, if Daniel enrolls in the program and opened an IDA in July 12, 2012, completed financial education in September, 2012, but you pull out his Participant Form, and he hasn't yet completed his home buyer training, you can see that point of the process where he got stuck out and he maybe reach out to him and figure out what the barrier is and what you can do to help him complete that asset specific training. The next form is the Participant Checklist, as I mentioned, this is a complementary form to the Progress Form, and it basically is a checklist to see if you're keeping up with all the documents and that you need to have on file for each AFI IDA participant. So, hopefully you can use this form to make sure all the right documentation is collected, if you need to show the eligibility and then as the participant moves through the program, you can keep all these files as a electronic copy, electronic copies on your computer or you can print them and keep a hardcopy file. This document is also broken down into different sections. The sections are Eligibility Verification where you can see, you can document a list of the kind of documentation that's needed if they're TANF eligible, if they pass the Net Worth test and then you can see if they need the income test. What kind of documentation you might want to collect if they need those criteria? There is also a section for the Savings Plan Agreement, Education and Training and then Program Completion. So, list all the different documents you want to collect when someone completes the program so you can make sure that each participant file is complete and up to date.

Jimmy Crowell: Great, thank you Kori, alright. So, now we're going to move on to a scenario. So, this is an eligibility scenario and we're going to read it off, Cindy and Joseph lives together in an apartment. Cindy has work-study wages from school, only works 9 months per year and makes $25,000. Joseph has a small business that just started and is not yet earning income. Both have considerable debt from school. Their Net Worth is $2,000. So, the question is, can Cindy and Joseph save for their first home in an AFI IDA? So, I'm going to launch a poll. So, please just take a minute to answer this. Okay, I'm going to close the poll and share the results and it looks like more than half of you say 'Yes', they can open an AFI IDA. Anne, do you want to walk through this scenario with us?

Anne Yeoman: Okay. Well, I think the first question is that is this a household?

Jimmy Crowell: Okay.

Anne Yeoman: And it sounds like most of you think it is a household and it sounds like that from what little we know about them, so they're a household. They are also thinking about buying a home together so inevitably they consider this a permanent arrangement. So, when you'll be looking at their income and their net worth, you would be looking at information from both of them. And you would be looking for that Adjusted Gross Income, whether it works with the poverty threshold or it works with the EITC-eligibility, on the one hand, and then you'll be looking at net worth on the other. So, Cindy makes $25,000, that gets them under the threshold for a household of two, but we don't know how much Joseph is making. It seems like he is not really managing his business very carefully, okay. So, I think that you probably would have a question here, not necessarily say they're eligible right off, but you probably would ask questions about his business or he would have to document something about his income from his business. If he wasn't keeping very good records, maybe he would have receipts for purchases of supplies or copy of sales receipts to customers or some sort of documentation of what the income is. If he has not been tracking it very well he might have a business account, but an account that he is using really just to operate the business, you might be able to use statements from that account or something of that nature or maybe he has a credit card under the name of his business. And of course, the fundamental question, does he have a business at all? Is he incorporated? You probably need to follow up a little more with Joseph before you really are be able to fully answer the question about income, you also probably would need to know a little more about net worth although, again Jimmy is just too generous giving you the answers to these…

Jimmy Crowell: I didn't want to be too tricky.

Anne Yeoman: But you probably would, you would need more information to get to this net worth calculation than we actually have in the little scenario. So, you know, they got a lot of debt from schools, they may have other kinds of debts, they don't own their house apparently, they may own a couple of cars but you disregard one of them. So, there are some factors that you need to know but the biggest thing is around their eligibility is getting hands on what Joseph's income is and how you would count that. The second question is, well, while you're there though, if in fact you decide to enroll them into your program obviously something you want to do is to get Joseph into keeping his books straight for his business and not only so that you can continue to document that he has earned income but also that he actually can benefit as a small business owner quite a bit from some of the IRS regulations. I mean he can start a very nice savings account for himself as a small business. So, can they save for their first home? This is very similar to the business question. Technically, probably yes, they would be eligible, assuming they continue to have earned income. You would have to have two IDAs, right. Cindy would have to have an IDA, Joseph well, they wouldn't have to, only of them could have an IDA I suppose but, to maximize their participation each of them should have a separate IDA, if they have earned income. But if they're about to be saving for their first home, we don't, they have a lot of school debt, we don't know about other debts. So, again these are the kinds of conversations to have when someone enrolls. When you enroll them for the first time homebuyer IDA you want to make sure it would be something that would be feasible for them because to get a first home you not only need to deal with the down payment and those kinds of questions you often need to have a pretty decent credit score. So, Cindy and Joseph might need to work quite a bit on their credit score at least and, I'm making inferences here but, if he doesn't straighten out his books, he may have other problems as well. So, whether they can have a first home would be questionable.

Jimmy Crowell: So, Anne if we were for optimistic here and Joseph gets everything together and his income then goes up.

Anne Yeoman: That's okay. After he is already enrolled, after the two of them have opened their IDAs?

Jimmy Crowell: Yes.

Anne Yeoman: Income goes up, that's fine, he stays in the program and you celebrate a milestone. And what you want to do as income goes up $10,000 a year, you should get him to right off the top start setting some of that side in different savings. That's the whole financial education piece, it's not just spend everything you got. And maybe given what we know, you might want to encourage him to pay off some of that debt.

Jimmy Crowell: Great, thanks Anne. So, we're going to present the last tool which will help you through situations like this and help you calculate net worth and AGI. So, Kori again is going to go through the Participant Eligibility Worksheet, again that's on idaresources.org. So, Kori take it away.

Kori Hattemer: Great, thank you Jimmy. So, the Eligibility Calculation Worksheet is a step-by-step tool that you can use to calculate the eligibility of potential AFI IDA Program Participants. You want to emphasize that the Eligibility Worksheet is only intended to be a general guide for determining participant eligibility. It is not intended to replace other forms of due diligence intended to determine and ensure eligibility. Each AFI grantee is required to ensure that program participants meet all the eligibility requirements as described in the AFI legislation, including verification of current income. So, the Worksheet is interactive and includes formulas so that as you enter information about participants eligibility should be automatically calculated. You can complete this worksheet with the prospective AFI IDA program participant or you can do it on your own with the documentation that they've given you. Here is the worksheet. You're going to follow the steps identified on the tab along the bottom of the worksheet. For each step, you want to only complete the grey boxes and carefully follow the instructions that have been outlined. Also be sure to collect materials that you need for the participant's file as you complete the necessary step. At the bottom of each is a list for acceptable documentation for the participant's file. After you complete all these steps and you may not need all of them go to the Summary Sheet at the end to see the calculated eligibility. After you calculate eligibility, you can save a copy of this spreadsheet in the participant's electronic file or you can print these sheets for all the completed steps and include them in the participant's hardcopy file. Another option is to print the worksheet and do all these calculations by hand.

So, we're going to walk through a quick example together, I also want to point out that on this first sheet without the instructions, if you scroll down there are links, maybe you have additional eligibility questions, you can click on this first link to see the AFI legislation, you can always contact your AFI program specialist by phone or email, you can review the AFI program website, the AFI Resource Center by their website or phone number or email. So, with that let's move into our scenario. If we click on step one which is their earned income as Anne mentioned this is necessarily what is a determining factor for eligibility, but if someone doesn't have earned income that they can deposit into an account then they won't be able to make qualifying deposits. So, we're talking about Sara, Sara is interested in enrolling in your program. So, she is collected her income and net worth documentation that you asked her to bring with her and she's meeting you to talk through whether or not she is going to be eligible for your program? The first question you want to ask is, if Sara has earned income that she can deposit into an AFI IDA continuously for six months. And as the instructions noted you want to complete the grey boxes only. So, you click on this grey box, and you got a drop down menu to say 'Yes' or 'No'. Sara has brought in her whole income tax form signed and dated for 2012. And it does document that she has regular earned income so you can select "yes". If she doesn't, then you can tell her she is not eligible now but she can come back when she does have continuous earned income and since we entered yes we can proceed to step two. After we collect the different copies of her tax return forms and any other documentation she is brought with her such as recent pay stubs. And the second step, as Anne talked about, is TANF-eligibility. So, as she mentioned, if a family or a household I should say, is eligible for the TANF program, they're eligible for the AFI IDA Program, if they can deposit earned income. In our scenario Sara is not eligible for TANF, then we're going to say No, from this grey box and drop down menus and then we're going to proceed to step three.

The third step it used to calculate income. The first thing we're going to ask is, is there a member of household with an Adjusted Gross Income below the Earned Income Tax Credit limit or at or below 200% of the Federal Poverty Level. And we have her income tax form and Sara doesn't, she didn't not claim her EITC credit for 2012 and, so since she doesn't have one that indicates EITC eligibility, we're going to say 'No' for this first box. After we complete number one, we'll proceed on to step number two in which we're going to calculate her annual Adjusted Gross Income. We can see from her tax returns that in 2012 Sara earned $25,592 and Sara's income is pretty straightforward, so then we can scroll down and see at the bottom it will calculate her total for us. You can enter any deductions and tax credits but for the sake of time we're not going to get into this detail today. And at the bottom you can see her Adjusted Gross Income, which is the sum total of all of the Adjusted Gross Incomes for her household members. Sara is a single mom who lives her two children. So, we don't need to enter any income information for any other members of her household. But if there were other people living in her household earning income you would need to document that income here and it will calculate the total AGI for the household in this box. Using this information we can determine whether or not Sara is eligible for the Earned Income Tax Credit although, she didn't claim it, many people are eligible for the EITC but don't realize it, and forget to claim it on their on tax return. So, we're going to enter her number of dependents which is two. Sara is filed as a single person and remember to only complete the grey boxes and then it calculates for us. So if the EITC income limit for Sara's household is $41, 952, we can see below that the yellow box does an automatic calculation and says, yes. She is eligible for the Earned Income Tax Credit. At this point, it might be good to have a conversation with Sara separately about why she didn't claim that EITC. And talk with her about maybe amending her 2012 income tax return so that she can't claim all the benefits for which she was eligible. Since she is eligible, according to the EITC limits, then we move on to step four but I want to show you that at the bottom of the page if Sara was not eligible for the Earned Income Tax Credit, we could also calculate whether or not her income is below 200% of the Federal Poverty Level by entering the numbers of people in her household. Next we move on to step four, which is the net worth test. So, in the net worth test we want to enter all of Sara's different assets and liabilities or her debt. You want to ask her if her current net worth of her household is less than $10,000. Sara has a car that is worth $7,000. But since this doesn't count toward her eligibility, you can enter it in the document but it won't be included in the final calculation. She also owes $5,000 on this car and this does count toward her net worth because of the debt. We go through and she brought in, Sara brought in her account statements. So, in her checking account she has $1,573 and she has a credit card debt and it amounts to $3,567, very precise amount. So, it's got a total here, everything is calculated for us and her net worth is -$6,994, this is below $10,000 and so our automatic calculation here says 'Yes'. She does meet the net worth. If her net worth was greater than $10,000, she wouldn't be eligible for the AFI IDA program even if she met the income test. So, it's important to do both of these tests.

Then we can move on to this summary sheet which just includes the summary of all the different steps we already completed. So, we see the yes, she has earned income, she is not eligible for TANF, but her Adjusted Gross Income is below the EITC limit and so she needs net worth test. This yellow box right here is super smart and calculates all this for you and says, "Yes, this person would be eligible". Be sure to document all this carefully and do all the due diligence that you need to do to collect all the information you can. And hopefully, this will be a helpful tool that helps you work through this sometimes tricky process without the need to do calculations. I want to note that on the last two tabs of this document we have Federal Poverty and EITC guidelines. These are included in the document because they're used in these automatic calculations that we did in step three for the income test. Right now, we have the 2013 Federal Poverty Guidelines included. The guidelines for Alaska and Hawaii so, if you wanted, if you're in Alaska or Hawaii, you would need to calculate these by hands because the tool, the worksheet is setup just to refer to this initial Poverty Guidelines for the other states. These guidelines are updated annually and so in 2014 I hope we'll have updated this document but if you want to be ahead of the curve free to click on this link here and you can see all of the updated Poverty Guidelines on the government website. This second title of the EITC Guidelines listed out for you again if you click on this link right here, you can see the most updated version and then if you want to calculate eligibility by hand this would be a good resource for you. But otherwise, if you're doing it electronically, these tabs are just a reference. And so, with that I'm going to turn over to Jimmy, if you have any questions?

Jimmy Crowell: Great, thanks Kori. Let me just close out of this worksheet and go back to the PowerPoint, okay. So, if you guys have questions remember you can send them in the GoToWebinar control panel under the Questions Box and we have about 13 minutes. So, we can definitely take some questions. But first I want to go back to that scenario because we got quite a few people asking about it. So, this is the last one where you didn't trust Joseph's finances.

Anne Yeoman: I don't trust Joseph's finances and I would advise her to keep a separate bank account.

Jimmy Crowell: So, a lot of people were surprised that you can actually, that two people can save for the same asset. So, do you want to go over that?

Anne Yeoman: Sure, basically what AFI does with individuals in a household can have one IDA and then a second person in the household could have another IDA and in fact three or four or more people in the same household could have an IDA. What the limit, in their own individual IDA, the limit though is the maximum amount of Federal match money that's going to go to everyone in that household taken together. So, that is $4,000 so, if you're doing your own saving amounts and match rate such that each individual would get the maximum possible that will be $2,000 Federal for each and if you had two savers then that will be $4,000 Federal and you would be at the ceiling, okay. It would be possible though for you to have three savers in a household and you would have to do the math on it but you still would have to stay under that $4,000 Federal Limit, all of those people taken together, each of them in his or her only IDA eligibility based on the whole household but each one would have to have his or her own earned income to contribute to their IDA, okay. It has happened, this is kind of a fun thing, not only can people within household have separate IDAs but say for the same asset purchase, but we have had instances where people have met in their financial education process and got married and whatever or started businesses together or all kinds of things. So, there is nothing that says you can't have one or two or three, okay. They can bring their IDAs together and invest together. It's just that each of them has to be eligible on their own; each of them has to have his or her saved earned income.

Jimmy Crowell: Thanks Anne. Another question we have is back to income. If children in your household do earn income, does that count?

Anne Yeoman: Yes. It does count, typically it's reported as miscellaneous income on the household tax return. There is the possibility that they could do a more complex process and if you've that situation I think you should probably talk to us individually. But typically the amount that they're earning does not require them to do a separate return or they have an option of doing a separate return. A child who for some reason or other is making more than enough that they must file their own return even though they're still dependent on the household it's quite a lot, it's something like $2,500 or something. I don't recall the figure exactly but it's in a fair amount of money. So, these rules are a little bit different. You could treat that as self employment and start the child doing their own separate return and starting their Social Security Earnings very early but you don't have to, unless they're making a lot of money. If it's a few hundred dollars they can report just miscellaneous income on their household return.

Jimmy Crowell: Great, thanks Anne. Another question I just got in. So, the matching funds that you do receive for your IDA, are those considered income for tax purposes?

Anne Yeoman: No, in fact you never have those funds. The matching funds always go to the third party, they go to the mortgage lender of they're going to go to the business capitalization fund which should be a separate entity or it's going go to the eligible educational institutions. They never have them so they're not taxable. The only tax implications for an AFI IDA are potentially if the IDA themselves is interest barring that you might have a few dollars and earned interest that you should report on your tax return but it's so small that it would probably not change the bottom line of your return.

Jimmy Crowell: And how about alimony, is that considered earned income?

Anne Yeoman: Alimony is not earned income. It is household income however. So, when you're doing household calculation and getting to that AGI, Adjusted Gross Income, for the household, you would include alimony.

Jimmy Crowell: Another pretty important question I got, I want to make sure that I ask it is, does the EITC qualify as earned income and can you deposit it in your IDA account?

Anne Yeoman: The EITC refund from your tax return, yes it can be deposited in your IDA, it counts as earned income. Grantees need to set their own policies about how much of the total savings in the IDA can come from a lump sum such as a tax refund or some other sources.

Jimmy Crowell: Another question I have is around educational IDAs and if there is any implication on student aid at all if you have an IDA?

Anne Yeoman: There is just a little bit of a grey area here. As a practical matter, there is almost no implication. Technically those resources should be reported when you do your FAFSA but because the individuals and the original household eligibility threshold is so low, it will have either none or very small impact on the amount of federal financial aid that you might be eligible for. And in fact many institutions disregard AFI IDA anyways.

Jimmy Crowell: Thanks Anne, would child support count towards earned income?

Anne Yeoman: Well, certainly not earned income, the question is the household income and in fact the child support is not reportable on a tax return. So, if you want to count the household income and you're trying to figure out a way to document it. So, I would consult you know, with tax folks person is not reportable I don't think that you're really should count it. The IRS considers that it goes to the child not to support the whole household so it's not income to the household in the usual sense. So, if it's not reported how are you going to count it?

Jimmy Crowell: Great, thanks Anne. I have a question about undocumented immigrants; can they open an IDA?

Anne Yeoman: Jimmy, this is not your question, this is somebody else's question, right?

Jimmy Crowell: Yes.

Anne Yeoman: It's good because the things that you're giving all these hard ones. That also is a grey area, as a practical matter many financial institutions are not willing to open an IDA for someone who is not a citizen or who at a minimum does not have which called the Individual Tax Payer Identification Number an ITIN. You would need to…I think someone who is in the general category of undocumented that's not going to work, it's just simply not going to be feasible even if were allowable. Someone who is documented, they've a green card, they're able to work, they've an ITIN, that would be something that you would and your financial institution will need to see whether or not you want to go there? It's also one of those questions that I really think you should discuss with your problem specialist it has some other layers of complexity. So, I really do think you've to contact your partner specialist at Resource Center and really talk about the situation.

Jimmy Crowell: Thanks Anne. Actually, I have a pretty specific question here from a grantee that's having struggle to determine if someone qualifies for the program, are you up for the challenge?

Anne Yeoman: Sure.

Jimmy Crowell: Okay. So, this grantee is an applicant who has three homes, one house was inherited, the other is a rental property and the third one she lives in and she reported that she is losing income on two of them. And she is not sure how to see if she will qualify.

Anne Yeoman: Well, I guess the first distinction is the income versus the asset. So, her net income maybe X whatever it is. So, she is not running the household and what you're trying to say is that she is not earning enough to pay for the upkeep, that's a different question. So, when she reports her income presumably her income is going and her tax return is going to include whatever deductions or losses and expenses or that sort of thing. But it sounds to me like you would have an awful lot of stuff on the asset side unless there were some really big mortgages on those other two homes, alright. So, she just has to get the numbers and work it out, alright. But I mean, and I would look at those things separately ,income and asset, and almost any kind of property, three pieces of property almost anywhere is going to be worth more than $10,000.

Jimmy Crowell: Great, thanks Anne. So, that's all the time we have for questions so I'm going to put up contact information for all of us. Feel free to email any questions you have about anything we went over today or any other eligibility problems you may be having. I also want to note that the two tools are on idaresources.org, they can be found under the managing your grant under Tools for Success Guides. And click on Tools for Success Guides and all the guides are listed and that's where you can find them but I'll also include links to both the documents in a follow up email, when I send the PowerPoint file, the transcription and the recording. So, no need to worry. Before we leave I just want to ask everyone to answer an evaluation question on the webinar. It only takes a few minutes and it will help us access the quality of the webinar. So, I'm just going to launch that now. So, please just take few seconds to answer that.

Anne Yeoman: Typically, when I do listen to webinars, like just to participate, 10 minutes after I am still thinking of things that I should have asked. So, I would encourage people to, as you think about this, or as you run into odd situations in your actual work, please don't hesitate to contact your Resource Center.

Kori Hattemer: Great and I want everyone to know that as you use the tools, if there are problems using them please reach out to me or the resource center. Also, if you have any feedback on these tools, we're always trying to make these tools better for you, so send that in too. So, please we welcome that feedback on how we can make these tools more helpful and any guidance that you need for using them to make your job just a little bit easier.

Jimmy Crowell: Great and, with that, we're out of time. So, thanks everyone for joining us, thank you Anne, thank you Kori. The tools are great and it's great information. I hope everyone has a wonderful weekend.