



United Way
of Frederick County



United Way Prosperity Account Savings Program

Policies, Procedures and Plan Agreement

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Each account holder must initial every section of this manual to acknowledge they have read and understand the policies and procedures associated with a United Way of Frederick County Prosperity Savings Account.

Mission & Vision

The mission of United Way of Frederick County is to improve lives by mobilizing the caring power of communities around the world to advance the common good. United Way is committed to helping people of limited economic means achieve economic independence and greater integration in their communities. United Way of Frederick County believes asset development is an important strategy to help working families enter the economic mainstream and become more vital community members.

The mission of Frederick County Bank is to promote a stated and demonstrated commitment to the communities in which it does business and recognizes the need to serve low-to-moderate income individuals in these communities.

The vision of United Way's matched savings program is to make it possible for working individuals and families to build the financial assets they need to achieve their goals. The goal is to improve financial stability throughout Frederick County and enable families with modest means to become economically independent and to prevent poverty in the community in the future. United Way is not only investing in the economic independence of families, United Way is also investing in the future of Frederick County.

Description of the Program

United Way established the Prosperity Accounts (a matched savings program also known as Individual Development Accounts – IDAs) in order to help working individuals and families become homeowners, vehicle owners, small business owners, and to help students in post-secondary education and vocational programs. Prosperity Accounts offer participants incentive savings matches, personal finance and money management education, peer and staff support, and individual counseling in order to make asset ownership obtainable. Program objectives include helping participants:

- Set realistic short and long term personal, financial, and asset goals.
- Design strategies to achieve their personal, financial and asset goals.
- Acquire financial skills and knowledge in order to make informed financial decisions.
- Develop or improve fiscal self-discipline, self-awareness and patterns of regular saving.
- Improve self-confidence and assertiveness, particularly with financial/consumer matters.

Financial education is a key component to the success of the Prosperity savers. Prosperity savers must complete six hours of approved financial education classes during the length of the program. This allows savers to better prepare themselves before purchasing an asset.

Frederick County Bank will serve as a partner financial institution for the Prosperity Accounts program and a depository for Prosperity savers' savings, for the purpose of supporting the program.

The Prosperity Account management system is powered by a grant from Nymeo.

Account Structure

- Each Prosperity account will be a joint account with the saver and United Way. Neither the saver nor United Way will have independent, direct ownership/withdraw privileges. Frederick County Bank (FCB) will allow withdrawals from Prosperity accounts with both the saver's and United Way's written consent.
- Deposits will earn interest at the rate in effect for FCB savings accounts.
- An account with a 1:1 match can only be used to purchase a vehicle.
- An account with an 8:1 match can be used for save for education or small business.
- A 1:1 match account cannot be transferred to an 8:1 account. If a 1:1 saver wants an 8:1 account, they must first close their 1:1 account and then apply for an 8:1 account.
- An 8:1 match account can be transferred to a 1:1 account by completing a form to make the transfer.
- There is no limit to the number of qualified withdrawals from each account, as long as the saver's deposits which qualify for a match do not exceed a grand total of \$3,600.
- Funds cannot be used for previous purchases, previous payments or debt of any kind.
- An education account can be used to purchase education for another *household member*. All other accounts must be used to purchase assets for the saver.

Match Rate and Qualified Withdrawals

- 1:1 match accounts, savers can save a maximum of \$3,600.
- For an 8:1 match account, savers can save a maximum of \$500.
- The total savings amount (from the saver and the matched funds) for any household for education or small business is \$4,500.
- United Way will match \$3,600 for a vehicle purchase (1:1 match).
- The total savings amount (from the saver and the matched funds) for any household for a vehicle is \$7,200.
- The mandatory minimum monthly deposit amount is \$25. There is no maximum deposit amount.
- The minimum period before an eligible withdrawal is 6 months.

Savers will create a monthly savings goal & identify an asset purchase goal when they apply.

Qualified withdrawal requests will be filled in the form of a vendor check made payable to businesses or institutions providing elements of participants' asset goals. In no case will Prosperity Account matched funds be used for any form of debt, or issued directly to Prosperity Account savers; savers can only have their own deposited funds directly issued.

Savers will be required to get signed approval from United Way in order to make a qualified withdrawal or to close the account.

The maximum match that a saver can receive is \$4,000 for post-secondary education or small business development. Please note that only \$4,000 of the maximum match comes from the AFI Funds and the remaining amount comes from United Way of Frederick County. The maximum match a saver can receive for a vehicle purchase is \$3,600. Please note that all of this match comes from United Way of Frederick County and AFI Funds are not used for this match purchase.

Qualified Asset Purchases

- 1.) Post-Secondary Education or Vocational Training: Funds can be used for tuition, fees, books, supplies, and equipment. An eligible educational institution is an institution of higher education or a post-secondary vocational education school that must be accredited. Laptops and similar equipment can only be bought directly through the educational institution. This qualified asset purchase is matched at an 8:1 savings rate. Funds cannot be used for previous payments/purchases, student loans, credit cards, or other types of debt.
- 2.) Small Business Development: Funds can be used to start or expand a business. The participant must complete a business plan and have it reviewed by a United Way approved outside organization (i.e. SCORE, Women's Business Center, Small Business Administration, etc.). Saver must complete a business plan and open a business account in order to access matching funds. Qualified expenditures include capital, equipment, working capital, and inventory expenses. This qualified asset purchase is matched at an 8:1 savings rate. Funds cannot be used for previous payments/purchases, business loans, credit cards, or other types of debt.
- 3.) Vehicle: Funds can be used to purchase a vehicle from Second Chance Garage or a dealership approved by United Way. If vehicle is purchased from a dealership, Second Chance Garage will assist with the transaction. This qualified asset purchase is matched at a 1:1 savings rate, and the price of the vehicle cannot exceed \$15,000. Funds cannot be used for previous purchases/payments, car loans, credit cards, or other types of debt.

Eligibility Guidelines

To be eligible for a Prosperity Account, participants must:

- Be a current resident and living within one of the following counties:

MARYLAND

Frederick
Carroll
Howard
Montgomery
Washington

WEST VIRGINIA

Morgan
Berkeley
Jefferson

VIRGINIA

Loudoun

PENNSYLVANIA

Franklin
Adams

- Be at least 18 years old.
- Be currently employed, earning wages from full- or part-time work income
- Have no more than \$10,000 in NET assets, excluding 1 car and 1 house per household.
- Meet earned income eligibility.
- Ensure that no more than two Prosperity Account is opened per household.

Program Requirements

Prosperity Account savers must commit to the following:

- Make monthly savings deposits of at least \$25 (up to a maximum of \$3,600 total savings deposits during the program). If you need to deposit less than \$25 in any given month, you should provide us with at least 30 days' notice.
- Save in the program for a minimum of 6 and a maximum of 36 months.
- Complete asset-specific training for selected asset goal prior to application approval.
- Complete a minimum of six hours of approved financial education prior to receiving matched funds. Approved financial education workshops and events can be found on the Prosperity Center's website www.prosperitycenter.org
- Use all matched savings by September 30, 2019.
- The saver must be able to personally attend the application interview and the account opening at Frederick County Bank.
- Provide an approved, accurate and complete annual household budget which includes their savings goal prior to application approval.
- Any additional asset-specific requirements as outlined in this policy manual or deemed necessary by program staff.

- Agree to abide by the program's rules and responsibilities as described by the program staff and in the written materials.

_____ **Household Earned Income (To determine program eligibility)**

When determining eligibility, gross income is used. This is determined by using last year's tax return. All applicants must document their income level and meet the following **household eligibility income** requirements to participate in the program:

In order to be Earned Income eligible, the applicant's household eligibility income must not exceed the income guidelines (200% of Poverty, based on the number of people in their household – see description below) or they need to be EITC-eligible or TANF-eligible. A household consists of anyone listed on the tax return. The most recent tax return will be used for verification.

Household Size*	2016 Income Limit**
1	\$24,120
2	\$32,480
3	\$40,840
4	\$49,200
5	\$57,560
6	\$65,920
7	\$74,280
8	\$82,640

*Add \$8,320 for each additional family member.

**Use last year's tax return to find this amount.

Household Eligibility Income includes:

- All Employment (Wages and Self-employment)
- Workers Compensation
- Unemployment
- Alimony
- Investment Income
- Retirement/Pension Income
- Rental Income

Household Eligibility Income does not include:

- Child Support

- Social Security Benefits
- Other Benefits (TANF, Food Stamps, etc.)
- Section 8 Assistance
- If an employer pays for disability insurance

Enrollment and participation in the Prosperity Account program should not affect any public assistance participants may be receiving. Please ask if you have any concerns.

_____ Household Earned Income (To determine employment funds for deposit)

Prosperity Account savings dollars must be derived from household *earned* income, which includes employment earnings and self-employment earnings (earned income is defined by the U.S. Internal Revenue Code of 1986).

Generally speaking, Household Earned Income (money received for services rendered) includes:

- Wages, salaries, tips
- Net earnings from self-employment
- Work Study
- AmeriCorps stipend
- Tax refunds
- Foster care income from the State
- Disability Insurance Income (if the employer pays for the insurance – if the employee pays for insurance, it does not count as earned income)

All Prosperity Account savers must have a source of income during the savings period. Savers cannot open a Prosperity Account until they verify there is earned income in the household from a job or a business. An individual who receives only Social Security income (or any other benefit income) cannot be a Prosperity Account saver because benefit income is not considered ***earned*** income.

_____ Acceptable Earned Income Verification Documentation (for both eligibility and employment)

- Copies of paychecks or pay stubs from within the past 30 days
- Written statements from employers regarding employment within the past 30 days
- Letters or other documents from income sources, if dated within the last 30 days
- If self-employed, accounting and other business records showing net income
- Most recent tax return
- Capital gains
- Any assets drawn as withdrawals from a bank, the sale of property, a house or a car
- Tax refunds, gifts, loans, lump sum inheritances, one-time insurance payments, or compensation for injury
- Non-cash benefits such as employer paid or union paid portion of health insurance or other employee fringe benefits, food or housing received in lieu of wages, the value of

food and fuel produced and consumed on farms, the imputed value of rent from owner-occupied non-farm or farm housing, and federal non-cash benefit programs such as Medicare, Medicaid, food stamps, school lunches, housing and other emergency assistance.

- Any portion of Social Security benefits deducted to pay Medicare premiums that will not be reimbursed.

Net Worth

- For this program, net worth is determined by taking the household's total assets (what everyone in the household owns) and then subtracting the household's total liabilities (what everyone in the household owes) to see if it has a value of more than \$10,000.
- The following are *not* included when determining net worth:
 - The applicant's primary residence (asset), and associating liabilities (all mortgage balances associated with primary residence).
 - One vehicle (asset), and associated liabilities (outstanding loan). The asset portion of the vehicle is calculated from the Trade-In Value.
- If a participant is eligible for TANF (Temporary Assistance for Needy Families), they automatically meet the net worth *and* income guidelines and thus do not need to calculate the household income and net worth limits.

Household Budget

Prior to opening a Prosperity Account, the applicant must provide an accurate annual household budget which includes their savings goal amount. A blank budget is available on The Prosperity Center's website (www.prosperitycenter.org), which includes the basic information that will be required. It is important this information is complete and accurate. If an applicant needs help creating their budget, they are encouraged to take a budgeting class or sign up for the My Budget Coach program to assist them with this process.

Application Review

An application review appointment will take place with a United Way representative once the application is complete and the required documentation has been gathered.

The purpose of the application review is to:

- Verify and review documentation and eligibility
- Review completed monthly household budget
- Identify any potential barriers to successfully completing the program and make appropriate recommendations

_____ _____ **Application Approval**

Once the application review appointment has taken place, the application is complete, the annual household budget has been reviewed, all documentation has been submitted, and all other requirements have been met, an approval/denial decision will be made. A United Way representative will communicate the final decision to the applicant.

If denied, the applicant will receive a letter detailing the reason(s) why, along with any suggestions which may offer additional and alternative financial stability resources.

If approved, the applicant will receive an approval packet – detailed with supporting documents and information for the next steps.

_____ _____ **Opening Prosperity Account at the Bank**

The saver must open up their Prosperity Account at a Frederick County Bank location within 2 weeks of receiving their Approval Packet. The following procedures will be used if the saver fails to open the Prosperity Account within 2 weeks:

- 3rd week after approval: Phone call to saver reminding them to open the account.
- 4th week after approval: Phone call reminding saver to open the account.
- 6th week after approval: Termination of application. Saver will have to reapply for the Prosperity Account program.

_____ _____ **Financial Education Training**

Each saver is required to attend six hours of financial education classes, workshops, meetings, events, etc. prior to receiving their matched funds. If a saver has already participated in a qualifying class/program within 3 months of opening an account, it will count towards their required financial training hours. For each asset option provided, savers must attend 1 asset-specific required course as part of the required training hours, (subject to change) which are as follows:

Post-secondary Education: Complete a Prosperity Savings Account Education Summary Questionnaire.

Small Business: Work with a mentor from SCORE or the Women's Business Center to create a business plan.

Vehicle: Second Chance Garage Workshop

Requesting Funds for Qualified Asset Purchase

As a general rule, savers should request qualified withdrawals a minimum of two weeks in advance of the date in which the Prosperity Account funds are needed. Although the withdrawal request procedure will vary to some extent, based on the type of asset to be purchased with Prosperity funds, several steps are required *prior* to all qualified withdrawal requests:

1. *Save for Prosperity Account program's minimum time requirement* – participants must have at least 6 (six) consecutive months of saving before being eligible for a qualified withdrawal.
2. *Have sufficient funds in the account* – participants must have accumulated enough personal savings in their Prosperity Account so that, when combined with the match, they can cover the proposed asset purchase.
3. *Attend 6 hours of financial education classes, workshops, webinars, events, meetings, activities, etc.* – These can be found on the Prosperity Center's online calendar.
4. *Attend asset-specific training* – prior to submitting any qualified withdrawal request, all participants must have participated in the asset-specific training appropriate for their asset goal.
5. *Develop an asset plan* (see *Qualified Asset Purchase Withdrawal* form) – as part of preparation for a qualified withdrawal, all participants will be expected to create an asset savings and purchase plan.
6. *Qualify for financing* – for asset purchases which require financing other than Prosperity Account funds, participants must apply and receive approval for the loan or mortgage needed to make the asset purchase possible.
7. *Find or shop for the asset* – because qualified withdrawals must be in the form of vendor checks, participants must have specific purchase plans. In addition, participants should use the timeframe afforded by the long-term saving process to make the most educated and wisest purchase choice possible.
8. *Complete and submit Qualified Asset Purchase Withdrawal form along with appropriate documentation to a Prosperity Account representative* – at least 10 (ten) business days before Prosperity Account funds are required. If the request is approved, the Prosperity Account representative will sign the form and the saver will give it to a Frederick County Bank representative so the funds can be disbursed.

Authorized Emergency Withdrawals

In order to be eligible for an emergency withdrawal, savers must have been enrolled in the program for at least six months. *After 6 months of saving, savers are allowed one opportunity within the program period to withdraw all or some of their savings from their Prosperity Account in case of an emergency. **Emergency withdrawals will not include matched funds.*** If an emergency withdrawal is made, a *NO MATCH – Emergency Authorized/Unauthorized Withdrawal* form must be used.

There is a minimum \$25 balance required to remain in the Prosperity Account when an emergency withdrawal is made.

Saver must review alternative strategies with program staff to attempt to resolve the problem without making a withdrawal.

Saver must develop a revised savings plan with program staff that will detail the saver's plan to repay the withdrawn funds within 12 months.

Emergency withdrawals will only be approved when, in the judgment of the program staff, the Prosperity Account funds are necessary to:

- Prevent *eviction* of a saver or saver's family from their residence
- Prevent *foreclosure* on a saver's primary residence
- Pay for *critical health care services* for a saver or a saver's family member
- Pay for *critical living expenses*, such as food supplies or utility expenses, following a saver's loss of employment

Unauthorized Emergency Withdrawals

The following criteria apply to *unauthorized* emergency withdrawals:

- Account has been open for less than 6 months.
- Request does not meet qualifications to be considered for an emergency withdrawal.
- Request does not meet the requirements for a qualified asset purchase.

Saver will forfeit any match for unauthorized withdrawals. The saver must make arrangements with United Way for the withdrawal of funds from the participating financial institution by completing the *NO MATCH Emergency Authorized/Unauthorized Withdrawal* form. The Prosperity Account representative will then provide a copy of the signed form for the saver to

give to Frederick County Bank and the funds in the account will be returned to the saver without a match. The Prosperity Account will then be closed.

_____ Alternatives to Emergency Withdrawals

In the event the saver's request to make an emergency withdrawal is not approved, the saver may choose to:

- Make do without the emergency withdrawal and continue participation in the program
- Withdraw from the program, receive a full refund of all Prosperity savings deposits and interest and forfeit all matching money

Those who have withdrawn from the program may submit a request to re-apply immediately, or at their convenience. Applicants will be required to requalify for the program and there is no guarantee that space will be available in the program.

_____ Missed Deposits

The following procedures will be used for missed deposits:

- 1st missed deposit: Email to saver notifying them of first missed deposit.
- 2nd missed deposit: Phone call to discuss circumstances and to review savings plan if necessary.
- 3rd missed deposit: Saver will be notified and account may be terminated.

Notify us a month in advance, if you need to deposit less than \$25 in any given month.

Emergency Missed Deposit Grace Period

Savers are not permitted to miss more than 3 deposits during the duration of the program, unless they qualify for an emergency grace period. Prosperity Account savers are required to communicate with a United Way representative in advance if they are unable to deposit the monthly minimum of \$25.00 into their Prosperity Account. *If the saver does not communicate in advance, then no exception will be made.* If the saver misses more than 3 deposits, then their account will be closed and they will receive a check of any prior deposits made to the account. *They will not receive any matched savings.*

The following criteria apply to approved missed deposit grace periods:

- Account must be open for 6 months.
- Grace period must be requested as a result of lost employment (to pay for critical living expenses such as food or utilities), critical health care needs for saver or someone in the household, or to prevent foreclosure/eviction from living residence.
- Saver must review alternative strategies with the program staff to attempt to resolve the problem without missing a deposit.
- Saver must develop a revised savings plan with the program staff that will detail the saver's plan to repay the missed deposits within 12 months.
- Saver will forfeit any match until the funds are redeposited.

If the saver intends to miss a required deposit and would like to remain enrolled in the Prosperity Account program, they must meet the criteria and submit an *Emergency Missed Deposit Grace Period* form to United Way *prior* to the missed deposit. A final decision regarding the approval or denial of the grace period will be made by the program staff within one week of the request. If the grace period is approved, the *Emergency Missed Deposit Grace Period* form will be signed by a United Way representative and a copy will be provided to the saver.

Voluntary Early Withdrawal from Program

Life circumstances such as unemployment, medical emergency, change of marital status, etc. may require a saver to voluntarily withdraw from the program. All withdrawals require savers to notify a Prosperity Account representative at least two weeks before the planned withdrawal date by completing a *NO MATCH – Emergency Authorized/Unauthorized Withdrawal* form. The Prosperity Account representative will then provide a copy of the signed form for the saver to

give to Frederick County Bank and the funds in the account will be returned to the saver without a match.

_____ **Completion of Program**

When a saver purchases their asset, withdraws from the program, or the program term ends, they must complete the appropriate withdrawal forms and both parties must agree to close the account. Both the saver and a United Way representative will be required to sign these forms. At that point, a copy of the signed forms will be provided to the saver to give to the bank. If there are any funds left in the account, they will be withdrawn and returned to the Prosperity Account holder and the account will be closed. Once that has taken place, the saver and everyone in the household is no longer eligible to apply or reapply for a Prosperity Account.

_____ **Termination**

Reasons a saver can be terminated:

- False, inaccurate financial information (for example, if the household exceeds income and asset requirements, if an applicant is unemployed, etc.)
- Missing more than 3 deposits
- Failing to fulfill the financial education training minimum of at least six hours of approved classes, workshops, meetings, events, etc. prior to receiving matched funds
- Failing to meet any additional requirements as defined by the policy.

If a saver is terminated, a letter will be sent to the saver announcing his/her termination from the program, along with the specific reasons for the account termination. At that time, the saver will have forfeited any rights to the matching money as a result of termination.

_____ **In the Event of Death**

In the event of my death, I understand that if I designate another eligible individual as the beneficiary, that person will receive both my savings and earned match, provided he or she satisfies all project requirements. If I designate someone who is not eligible for an account, the beneficiary will receive only my savings, and my earned match will be used to match other account holders.

Accordingly, I designate the following beneficiary:

Full Name: _____

Street Address, City, State, Zip: _____

Phone 1: _____ - _____ - _____

Phone 1: _____ - _____ - _____

Email: _____

Relationship to account holder(s): _____

_____ **Policy and Procedure Changes**

United Way reserves the rights to make changes to these policies and procedures. The savings match ratio will not change.

_____ **Additional Requirements (If applicable)**

Account Holder Information:

Full Name: _____

Street Address, City, State, Zip: _____

Phone 1: _____ - _____ - _____

Phone 1: _____ - _____ - _____

Email: _____

Signatures:

I have read and understood the entire United Way Prosperity Account Policies and Procedures manual. I agree to the terms and conditions of this program.

Prosperity Account owner signature: _____

Printed Name: _____

Date: ____ / ____ / _____

Prosperity Account co-owner signature: _____

Printed Name: _____

Date: ____ / ____ / _____

United Way Representative signature: _____

Printed Name: _____

Date: ____ / ____ / _____