



## Ohio Administrative Code

### Rule 5101:1-3-18 Individual development account program.

Effective: January 1, 2019

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(A) What is an individual development account program?

(1) An "individual development account" (IDA) is a trust created or organized in the United States to enable an eligible individual the opportunity to accumulate funds for purposes defined in paragraph (D)(1) of this rule.

(2) Pursuant to sections 329.11 to 329.14 of the Revised Code, a county agency may establish an IDA program for residents of the county. The program shall provide for establishment of accounts for participants and acceptance of contributions from individuals and entities, including the county agency, to be used as matching funds for deposit in the accounts.

(B) How can a county agency establish an IDA program?

(1) The county agency shall select a fiduciary organization to administer its IDA program. As described in section 329.11 of the Revised Code, a "fiduciary organization" is defined as a nonprofit fundraising organization exempt from federal taxation pursuant to 26 U.S.C. 501(a) and (c)(3) (2006).

(2) The responsibilities of a fiduciary organization include but are not limited to:

(a) Ensuring that the organization is bonded for the amount of money the individuals have contributed plus the amount of interest generated by the account;

(b) Marketing the program to individuals and matching fund contributors;

(c) Depositing the individual's contributions and matching contributions in a financial institution in accordance with section 329.13 of the Revised Code within twenty-four hours of receipt of those contributions;



- (d) Ensuring that the allowable matching contribution does not exceed four times the deposited amount and that the account does not exceed ten thousand dollars at any time. Interest generated by an IDA is part of the IDA;
  - (e) Creating an investment plan to ensure the IDA accounts will obtain a return with a minimal risk of loss;
  - (f) Creating a plan to prevent unauthorized use of matching contributions and to enforce any penalties pursuant to paragraph (C) of this rule;
  - (g) Providing financial counseling for account holders;
  - (h) Conducting verification of eligibility for an IDA;
  - (i) Complying with federal and state requirements for IDAs; and
  - (j) Evaluating the IDA program as required by the county agency and/or the Ohio department of job and family services (ODJFS).
- (3) Matching funds may be provided by or through a nonprofit, tax exempt organization, or a state or local government agency that works cooperatively with a nonprofit, tax-exempt organization.
- (4) When a fiduciary organization participating in the IDA program wants to terminate its participation in the program, it shall give thirty days written notice to the county agency. The county agency shall be responsible for selecting another fiduciary organization to administer the program. In the event the IDA program is terminated, the funds in any existing IDA, including matching contributions, will be disbursed to the individual.
- (5) When a fiduciary organization does not fulfill its responsibilities, the fiduciary organization shall not be allowed to participate in the IDA program until it can prove to the satisfaction of the county agency that it can fulfill those responsibilities. When the fiduciary organization misuses the IDA funds, the organization shall be permanently excluded from participation and shall be referred to the



county prosecutor. Pursuant to section 329.13 of the Revised Code, a county agency cannot stand alone as a fiduciary organization. It can however, work in cooperation with a nonprofit fundraising organization.

(C) Who can participate in an IDA program?

(1) An individual whose household income does not exceed two hundred per cent of the federal poverty level is eligible to participate in an IDA program established by the county agency that the individual resides.

(2) An individual who does not use IDA funds in the manner mandated in section 329.14 of the Revised Code shall be:

(a) Terminated from participation in the IDA program;

(b) Denied participation in any IDA program for a period of six months for the first occurrence and for one year for the second or subsequent occurrence. The penalty period shall begin the month following the month of withdrawal of IDA funds; and

(c) Referred to the county prosecutor for misuse of the funds.

(3) Any remaining money in the IDA less matching contributions from outside entities shall be disbursed to the individual at the beginning of the penalty period. The remaining contributor matching funds are to be returned to the contributor.

(D) For what purposes can an IDA be used?

(1) The money from an IDA account can only be used for the following purposes:

(a) Postsecondary educational expenses paid directly from the account to an eligible education institution or vendor on behalf of the IDA participant;

(b) Qualified acquisition expenses of a principal residence, as defined in 26 U.S.C. 1034 (2006), paid



directly from the account to the person or government entity to which the expenses are due;

(c) Qualified business capitalization expenses made in accordance with a qualified business plan that has been approved by a financial institution or by a nonprofit microenterprise program having demonstrated business expertise and paid directly from the account to the person to whom the expenses are due.

(2) A fiduciary organization shall permit a participant to withdraw money deposited by the participant when it is needed to deal with a personal emergency of the participant or a member of the participant's family or household. Withdrawal shall result in the loss of any matching funds in an amount equal to the amount of the withdrawal.

(3) Regardless of the reason of the withdrawal, a withdrawal from an IDA shall be made only with the approval of the fiduciary organization.

(E) What IDA reports shall be submitted?

(1) When the county agency establishes an IDA account(s) it shall require the fiduciary organization to collect and maintain information regarding the IDA program pursuant to the provisions of section 329.12 of the Revised Code. The fiduciary organization shall report account information to the county agency on the JFS 05101, "Individual Development Account Report" (rev. 2/2018).

(2) The county agency shall prepare a semi-annual report on its IDA program pursuant to the requirements of division (E) of section 329.12 of the Revised Code.