

## Coaching Steps & Best Practices for IDAs

All Documents located on J Drive in Save First>Financial Coaching>Coaching for IDAs

When working with a client interested in pursuing an IDA, there are a few important things you can do to help clients succeed.

- 1) Keep them motivated by asking questions and actively listening to what they want to do with their IDA. If anything sounds questionable or unusual, ask the IDA Specialist or Coaching Coordinator for input.
- 2) Identify the type of IDA the client wants, provide an IDA Overview to client and review.
- 3) Review the IDA FAQs sheet
- 4) Income Eligibility
  - a. Does the client receive SNAP, TANF, WIC, Section 8 Housing (OHP does not qualify)? We will need an award letter or eligibility renewal. Client can skip to e.
  - b. Most Recent Year Taxes are required.
  - c. Household Paystubs –We need 2 full months of recent paystubs for all household members.
  - d. If any household member, including the applicant is self employed, contracted labor or owns a business, they will need to provide a 6 month income statement or Profit and Loss Statement.
  - e. What is not income? Student loans, Pell Grants, Scholarships, Food Stamps, TANF, gifts, any benefit, award or money not considered “earned”.
  - f. Assets – Review their assets to determine if their assets are below the limits. We exclude the first home & car and subtract debts excluding first home & car.
- 5) Though a client may meet the eligibility guidelines, there still may be barriers preventing them from being accepted into the IDA program:
  - a. Readiness - Coaches help determine readiness for the IDA program. If the client needs more work on their budget or in your opinion needs more coaching sessions, discuss it. If you need assistance, ask the specialist for help.
  - b. Waitlist – due to funding, there could be a waitlist for enrollment.
  - c. Budget - if a client does not have a net surplus in their budget to meet a monthly IDA savings commitment, you should work with them to find ways to qualify.

Options:

    - i. Reduce expenses
    - ii. Increase income
    - iii. If the client has savings from earned income (not emergency funds), they can do a lump sum deposit to reduce the monthly deposits. Ask IDA Specialist for help.
    - iv. Reduce the savings goal to a manageable amount. This will reduce the total IDA amount.
  - d. Responsible, Dependable, Engaged – It is essential that IDA clients want to succeed in the IDA program. The program requires discipline to make monthly saving deposits, complete the education requirements, communicate effectively and turn in paperwork in a timely manner. As a coach, you will get a sense if they are a good fit or if you should work on a few things before referring them.

- e. Timeline – All IDA's have a 6 month time limit to spend their money after meeting the program savings requirements. Make sure this fits their timeline.
- 6) Home Ownership IDA applicants need to be prepared for a challenging but rewarding experience. They should have a clear understanding that the IDA is just one step toward Home Ownership. In fact, saving in the IDA is the easy part. Clients will need to work on several strategies at the same time because qualifying for a home loan can be challenging in today's market. We created a Home Ownership Pre-Assessment tool for you to help us calculate their current home affordability and create a plan toward:
- a. Saving additional money toward the down payment above the IDA funds
  - b. Having a minimum 3-month emergency fund set aside
  - c. Paying down debt
  - d. Improving their credit score
  - e. Acquiring and hold the right mix of lines of credit – 2 credit cards + 1 installment loan for at least a year, longer is better.
  - f. Job stability – same job or career for 2+ years
  - g. If possible, increasing their income.

**Best Practices in discussing IDA's with clients:**

- Use "Savings" and "Deposits" instead of "Payments" when discussing IDA savings. They are setting up a savings account to save their own money to receive match funds. Their savings is always their money, whether they complete the program or not.
- It is essential for clients to understand that the objective of the IDA is to develop consistent monthly saving habits toward goals. This is why monthly deposits are required.
- It is acceptable for a client to have some debt or other minor financial issues when they are referred to the IDA, especially if they are budgeting monthly payments. As long as their budget indicates they can pay expenses and debts while saving, they may be eligible to participate in the IDA.

**Red Flags:** some red flags to keep an eye on and help modify to be ready for an IDA:

- Uninterested in creating and/or following a budget
- Budget holes – incomplete or obviously inaccurate budgeting or "guesstimates".
- Financial details vary greatly from meeting to meeting.
- Late or cancels appointments often
- Poor communication – doesn't follow up or respond to contact often.
- Makes excuses for not completing homework or missing communication
- Interested in IDA's, but doesn't have a plan to use the funds.
- Asks questions that seeks loopholes or short cuts.