FAMILY ASSETS FOR
INDEPENDENCE
IN MINNESOTA

Policies and Procedures Manual

Updated 2012

These Policies and Procedures were updated on July 23, 2012.

FAIM Introduction

The Family Assets for Independence in Minnesota (FAIM) Program helps Minnesota low-wage earners build assets through purchase of a home, pursuit of a higher education, or capitalization of a small business. Accountholders place monthly savings into financial institution Family Asset Accounts (savings accounts), which will be matched upon completion of asset contracts. Accountholders complete a minimum of 12 hours of financial management classes and an additional 10 hours of asset-specific education.

FAIM is part of a national initiative to promote individual development accounts (IDAs). Unlike other subsidized savings accounts such as Individual Retirement Accounts (IRAs) or 401(k) plans, IDAs target the low-wage earners, provide subsidies through matches rather than through tax breaks, and require accountholders to attend financial education classes.

As Minnesota's IDA program, FAIM is delivered by a statewide collaborative lead by West Central Minnesota Communities Action, Inc. (WCMCA) as the fiscal agent for the initiative. A FAIM Council made up of collaborative partners provides oversight and monitoring of program activities.

To be eligible for FAIM the adjusted gross income of the household is equal to or less than 200% of the poverty line (as determined by the Office of Management & Budget) or the earned income amount described in Section 32 of the IRS code of 1986 (taking into account the size of the household) and assets of $10,000 or less. FAIM accountholders earn match at a rate of $3 for every $1 that they save. Savings must be from earned income. Accountholders are encouraged to save regular amounts on a monthly basis (e.g. up to $480/year, averaging $40/monthly). Each accountholder has two years to save beginning from the date of the first deposit.

IDAs emerged in the early 1990s from recognition that poor and working-poor families are often excluded from financial opportunities for asset development traditionally available to middle- and upper-income families. In Minnesota, FAIM was established by the 1998 Legislature with continued funding authorized by the body. State funds must be matched by non-state funds on at least a 1:1 ratio.

Statement of Purpose

The Family Assets for Independence in Minnesota (FAIM) Program exists to help working Minnesotans build assets and long-term economic self-sufficiency. It is believed that the combination of developing assets and increasing income over time will sustain economic self-sufficiency. The mechanism for developing assets (purchase of a home, pursuit of a higher education, establishment of a small business) is matching the savings of accountholders. Eligible accountholders have household income that is equal to or less than 200% of the poverty guidelines (as determined by the United States Office of Management & Budget) or earned income amount described in Section 32 of the IRS code of 1986 (taking into account the size of the household) and assets of $10,000 or less.

The FAIM Program stimulates economic self-sufficiency and facilitates increased community stabilization by helping accountholders focus on short and long-term financial skills while encouraging savings and asset development. FAIM empowers individuals and strengthens the economic base of Minnesota communities.

Definitions

The following words and phrases when used in these guidelines shall have the meanings given to them in this section unless the context clearly indicates otherwise:

Assets for Determining Eligibility:

Assets are defined as $10,000 or less in cash on hand, cash in checking and/or savings account, interest income of $50 or more per quarter, liquid assets such as stocks and bonds.

NOT included as assets are interest income of $50 or less, IRA's, 401K's & other retirement accounts, irrevocable trust funds held for any member of the household, owning a primary dwelling unit that is a family residence and one motor vehicle owned within the household.

Earned Income:

Only money derived from earned income may be deposited into Family Asset Accounts. Earned income, as reported to the Internal Revenue Service, is derived from employment, unemployment insurance benefits, and/or worker's compensation benefits. Funds from Earned Income Tax Credit may also be deposited into a Family Asset Account.

Educational Institution:

An accredited postsecondary institution of higher education that is eligible to receive U.S. Federal Financial Aid

Earned Income Tax Credit:

The Earned Income Tax Credit (EITC) is a refundable federal and state tax credit available to certain qualifying low-income workers.

Eligible Uses:

Post secondary educational expenses may include tuition, fees, books, supplies, and equipment as **required** for courses of instruction; home purchase expenses include down payment and closing cost assistance and/or principle buy down; business capitalization costs include costs for requirements as stated within an **approved** business plan.

Eligible FAIM Account Holder:

An individual or individuals whose income is at or below 200% of the poverty guidelines (as determined by the United States Office of Management & Budget). An individual who is claimed as a dependent by another person for federal income tax purposes may not be a separate eligible household for purposes of establishing a Family Asset Account. An individual who has IRS Tax Liens is not eligible to participate. An individual who is in default on student loans is not eligible to participate.

FAIM Account Holder Transfers:

FAIM accountholder that moves from one agency to another agency for services.

Family Asset Account:

An individual savings account owned and maintained by a FAIM accountholder in a local bank or credit union.

Family Asset Agreement/Contract:

The Family Asset Agreement shall include the amount of scheduled deposits into its savings account, the proposed savings goal amount, and the intended use of the individual savings match.

Fiduciary Organization (FAIM Delivery Agency):

Under Minnesota Statutes 256E.35, a fiduciary organization is defined as a Community Action Agency (as recognized under 268.53), a federal community development credit union serving the seven county metropolitan area, or a women-oriented economic development agency serving the seven county metro area.

Financial Institution:

Any federal or state-chartered bank, bank and trust company, savings bank, savings and loan association, trust company, or credit union that is insured under the Federal Deposit Insurance Corporation or the National Credit Union Administration.

First-Time Homebuyer:

An individual participating in the project involved (and, if married, the individual's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence.

Household:

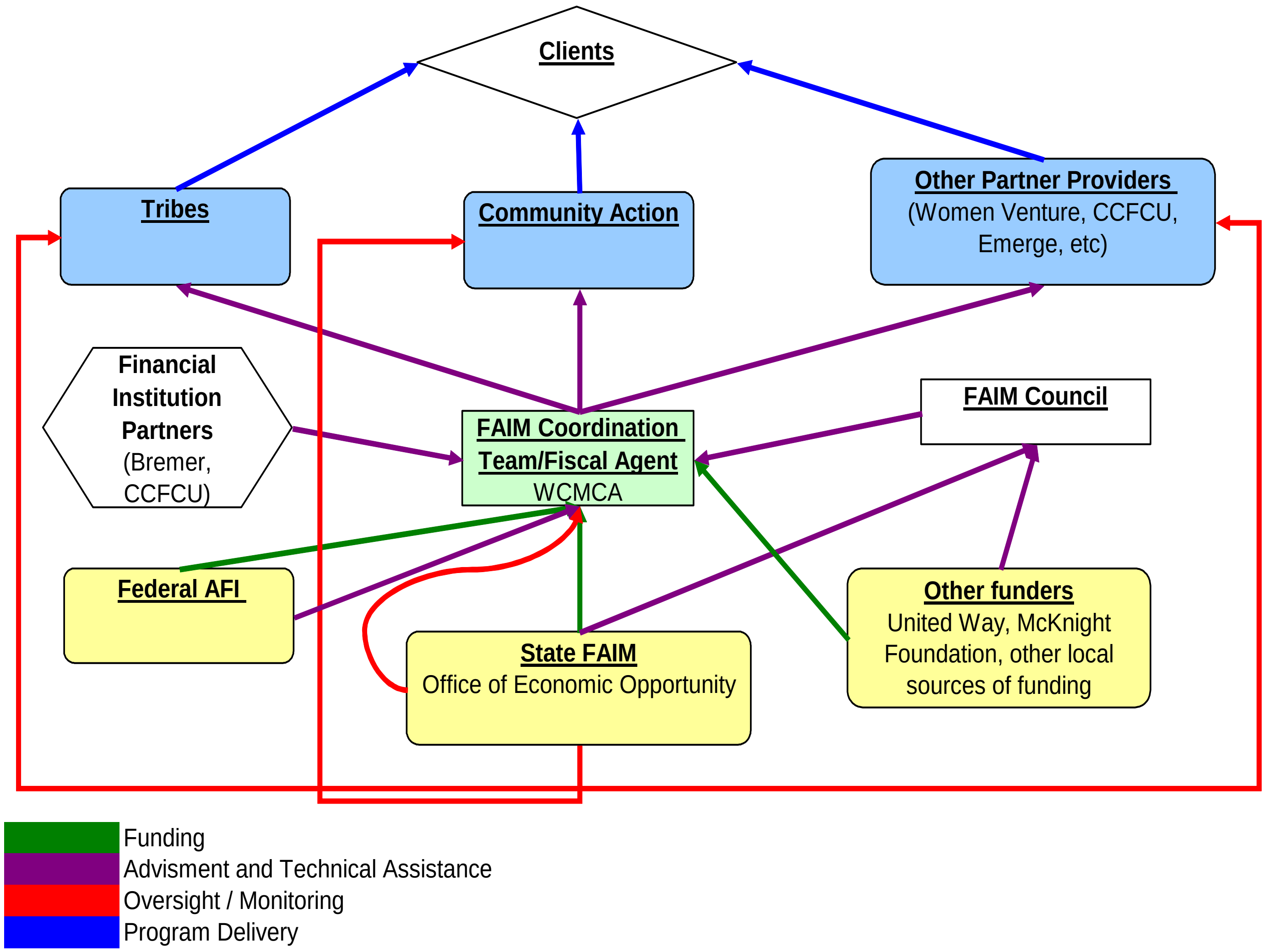
All individuals who share use of a dwelling unit as primary quarters for living and eating together.

Match Funds:

An amount equal to $3 for every $1 deposited. This is not to exceed $2,880 ($1,440 per year) in match dollars that would match up to $960 ($480 per year) in participant savings dollars; for a total of $3,840 in match and participant savings dollars.

Qualified Business Plan:

A business plan as approved by the fiduciary organization providing the program participant with services and financial education.


Clients
Tribes
Community Action
Other Partner Providers
(Women Venture, CCFCU, Emerge, etc)
Financial Institution Partners
(Bremer, CCFCU)
FAIM Coordination Team/Fiscal Agent
WCMCA
FAIM Council
Federal AFI
State FAIM
Office of Economic Opportunity
Other funders
United Way, McKnight Foundation, other local sources of funding
Funding
Advisment and Technical Assistance
Oversight / Monitoring
Program Delivery

Role of FAIM Council

The FAIM Council is responsible for program oversight and works closely with the Fiscal Agent and Statewide Coordination Team to implement the approved work plan.

Tasks related to implementing the work plan include:

1. Assist in developing fundraising plans
2. Guide policy for FAIM Program implementation
3. Oversee results and evaluations of the Statewide-program and recommend appropriate action
4. Advise on the distribution of matched funds to participating agencies

The Council meets regularly and its membership is comprised of:

1. **One Representative of a women-oriented economic development agency serving the seven-county metropolitan area.**
2. **One Representative of participating Tribal FAIM Programs.**
3. **Two Representatives of Community Action Agencies operating FAIM Programs.**
4. **One staff Representative from the Minnesota Community Action Partnership.**
5. **Two Representatives appointed by FAIM Coordinators**
6. **One Representative of financial institutions administering FAIM accounts.**
7. **One Representative of a research and evaluation organization.**
8. **One Representative of Greater Twin Cities United Way.**
9. **Up to three At Large Representatives of stakeholders appointed by the Council**

The Council provides direction and guidance to the participating Agencies, FAIM Coordinators and Fiscal Agent.

Role of FAIM Statewide Fiscal Agent & Coordination Team

1. **Provide Fiscal Services**

- Apply for federal, state and private grants for match funding.
- Apply for private sector funding for local coaching and statewide coordination.
- Open and maintain a Sweep Investment Account with Bremer Bank for FAIM Match funding.
- Deposit and maintain other funding in a separate bank account. Allocate interest earned on monies to the local and statewide coordination funds.
- Monitor bank statements for match and coordination funds.
- Provide quarterly, semi-annual, yearly fiscal reports of expended funds by funding type. Statewide Coordination Team will prepare narrative reports to document results.
- Develop and implement fiscal procedures for payout of match funding for accountholders, who have successfully completed asset purchase requirements.
- Implement Policies and Procedures as applied to program delivery and operations.
- Conduct annual audit of FAIM match and coordination funds. Provide a copy of audit to the Council and as required by funders. Use appropriate accounting procedures.

2. **Provide Training Services**

Provide ongoing training to FAIM Coordinators and coaches.

3. **Provide Data collection Services**

- Negotiate with financial institutions to transfer savings information from accountholders on a monthly basis electronically or manually.
- Produce monthly accountholder statements and deliver electronically to FAIM Coordinators for distribution to accountholders.
- Collect information to report as required.
- Help coordinate quantitative and qualitative evaluations as well as any research completed on the FAIM Program.

4. **Provide Statewide Coordination**

- Coordinate statewide fundraising efforts for current and future FAIM projects.
- Coordinate communications and disseminate information to the statewide network and national/regional IDA affiliates.
- Provide staffing assistance to the FAIM Council. Coordinate learning and establishment of best practices.
- Provide technical assistance to Agencies.
- Facilitate statewide FAIM coordinator meetings.
- Conduct negotiations with partner agencies, funders, financial institutions and other interested parties for statewide program implementation.
- Coordinate media relations and public communications with regard to FAIM.
- Participate in public debate in order to influence policy for FAIM expansion

Role of FAIM Providers

1. Identify staff who will implement FAIM:

    - ✓ Determine eligibility and capability of client to save towards goal.
    - ✓ Establish asset goals with accountholders. Provide monthly coaching with accountholders (credit repair, budgeting, income and savings).
    - ✓ Ensure client's participation in financial education curriculum classes (12 hours).
    - ✓ Ensure that accountholders complete a minimum of 10 hours of asset specific classes (first time homebuyer classes, higher education/career development classes/counseling, approved business plan for business capitalization).
    - ✓ Establish a relationship with local financial institution(s).
    - ✓ Report to the Fiscal Agent as required.
    - ✓ Create local marketing plan, utilizing developed statewide FAIM materials, to recruit participants and ensure full utilization of match funds.

2. Provide an enrollment/orientation session with potential accountholders. Accept applications, conduct screening to determine eligibility, and establish a fair way to identify and prioritize potential accountholders. Establish ongoing waiting lists to ensure placement into available accounts throughout the program period. Each agency needs to have on file, a written procedure identifying applicant selection.

3. Establish Family Asset Accounts at a financial institution. Secure written permission from accountholders to allow financial institution to transfer savings information to the Fiscal Agent.

4. Send new agency staff to a FAIM 101 training session and, if they are going to facilitate financial education classes, Four Cornerstones of Financial Literacy.

5. Update accountholder files regularly.

    At a minimum files should include:
    - ➢ documentation of income eligibility
    - ➢ credit report(s)
    - ➢ copy of the financial self assessment and the Economic Empowerment Action Plan
    - ➢ release of information form
    - ➢ Tennessen Warning
    - ➢ Client contract
    - ➢ financial institution agreements
    - ➢ savings and financial information
    - ➢ evidence of financial education class participation
    - ➢ evidence of continued asset specific education
    - ➢ case notes indicating progress and follow-up on the use of the funds
    - ➢ copies of all reporting forms
    - ➢ amendments to the accountholder contract
    - ➢ certificate of accountholder completion

6. Document accountholder success stories and contribute information to statewide public communication materials and media events.

7. Participate in statewide meetings of coaches and coordinators to share best practices, lessons learned and to receive updated information for effective implementation of FAIM.

8. Enter required participant tracking information. This is to be completed at least quarterly and finalized one month after participant program completion.

Financial Institution

1. No minimum balances required for Family Asset Accounts.
2. No service charges for Family Asset Accounts.
3. Family Asset Accounts established under custodial arrangement between the nonprofit agency or Tribe and the accountholder. Both signatures are required for withdrawals, both during and at the close of the accountholder contract. The agency or Tribe produces a certificate to open an account, withdraw from an account, and close an account.
4. Financial institutions must agree to transfer savings information monthly to the Fiscal Agent. It is preferred that monies are transferred electronically.
5. Telephone banking and banking by mail should be made available to FAIM accountholders. Financial institutions must provide deposit slips and envelopes for mail deposits.
6. Financial institutions must provide a contact person for the Agency.
7. The Agency shall provide a fact sheet about FAIM to representatives of the financial institution.
8. Financial Institution will agree to close accounts and forward monies to accountholder for participants who are no longer part of the FAIM program, as directed by the coordinator.
9. Financial Institution will establish a non-interest bearing account option for FAIM accountholders.

FAIM AGENCY RULES

The FAIM program is governed by Federal (Assets for Independence Act, Public Law 105-285 –or- 42 USC 604) & State (Family Assets for Independence, MN Statute 256E.35) Statues. Listed below is more specific guidance.

1. Non-Discrimination
   No person shall, on the grounds of race, gender, age, creed, ethnic origin, disability, sexual orientation, familial status, be excluded from participation in, be denied benefits of, or be subjected to discrimination in the FAIM program.

2. Conflict of Interest
   No official, employee, volunteer, or board member of any contractor or subcontractor may use any FAIM related materials for personal benefit.

3. Matched withdrawals
   Matched withdrawals are not allowed during the first six months after the date of the 1st deposit. Second year matched funds are not available until after 366 days after the date of 1st deposit. Unmatched withdrawals are not allowed and will result in termination of the accountholder from the program. (The option does exist for the applicant, once terminated, to re-enroll into the program, provided there is an account available for them.)

4. FAIM Accounts Distribution
   Matched funds are distributed to Agencies by the Fiscal Agent, under advisement of the FAIM Council. In the event that an agency cannot maximize allocated matched funds, it must be surrender to the Fiscal Agent for redistribution.

5. Small Business (Micro-enterprise)
   The FAIM Program can be used to begin a new business or expand an existing small business. The accountholder must have completed the Financial Literacy Curriculum, the small business curriculum and have an approved Business Plan before any matched withdrawals are allowed.
   a. Other legitimate business expenses such as home based rent, childcare etc. is not allowable to be paid by FAIM.
   b. **Three bids should be received** for capital improvement projects related to the business plan.
   c. The business plan is approved by a financial institution, a micro-enterprise development organization, or a nonprofit loan fund having demonstrated fiduciary integrity.
   d. Non home-based rent must be part of an approved business plan.

6. First Time Homebuyers There are many types of homes available to first-time homeowners that include manufactured homes, panel homes, single-family homes, and modular homes.
   a. Any modular or mobile home must have a permanent foundation on land owned by accountholder.
   b. First time homebuyers in FAIM shall be pre-screened early in the program in order to address credit issues, seek financing, and get the education to

maintain a home.

c. Contract for Deeds are not allowed. Agencies may hold the contract for MURL homes and Habitat for Humanity homes.

d. Permanent foundations for construction or house relocation can be done and should be included in total financing package. Standard Rehab loans are not allowed.

e. FAIM match funds can be used to cover the acquisition costs of acquiring, constructing, or reconstructing a residence, including any usual or reasonable settlement, financing, or other closing costs.

f. Home purchase can not exceed 100 percent of the average area purchase price applicable to the residence determined according to section 143(e) (2) and (3) of the Internal Revenue Code of 1986.

7. Higher Education

The FAIM program may be used for higher education that is eligible to receive U.S. Federal Financial Aid. Withdrawals may be used for tuition, books, and other required equipment to complete course studies (documentation is necessary to prove equipment is required).

FAIM matched withdrawals does NOT reduce the financial aid package of the accountholder as stated in Public Law 105 - 285 Title IV Assets For Independence Act Section 415 which states: Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this Act shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

FAIM ACCOUNT RULES

1. Eligibility: Accountholder must have earned income at the time of entry. Household income shall not be over 200% of Federal Poverty Guidelines (as published by the Department of Health and Human Services) and assets shall not be over $10,000. A definition of income and assets can be found in the definitions section. Accountholder income and assets may increase or decrease after entrance into FAIM. FAIM accountholders must be residents of Minnesota at the time of participation in FAIM, but their assets can be used, developed or secured in other states.

2. FAIM accountholders can save and acquire more than one asset during the program within the limits set by state and federal statute as described in #3 below.

3. FAIM accountholders can save up to $480 per year with two-year total of $960 in individual savings, and $3 shall be matched for every $1 saved. Combining individual accountholder savings with match may reach $3,840. Lifetime limit of $3,000 of State match money per household as part of the IDA program. (State of MN Statute 119A.445 Subd. 6 - 1). Grant period maximum for Federal Match Money is $2,000 per individual and $4,000 per household. (Public Law 105 - 285 Title IV Assets For Independence Act).

4. Matched Withdrawals
   - No matched withdrawal during the first six months of participation from date of first deposit.
   - FAIM accountholders may request periodic withdrawals to pay for higher education costs and small business expenditures before the end of the contract. However, they must have completed the 12-hour Financial Literacy Education and the 10-hour higher education or small business classes prior to withdrawal.
   - Match funds that have not been used for an eligible purpose within 6 months at the close of the contract will be returned to the match fund reserve account. The Fiscal Agent reserves the right to provide extensions of this time limit, when deemed necessary and appropriate, on a case by case basis.

5. FAIM accountholders may not make any unauthorized withdrawals. If an unauthorized withdrawal is made, the client will be terminated from the program. This will not necessarily prevent the accountholder from re-enrolling at a later time. Account holders are encouraged to maintain a parallel savings account for emergencies. Depositing a portion of the Earned Income Tax Credit for cash reserve purposes, in a separate/parallel savings account, is encouraged.

6. Match funds will be forfeited for accountholders if an account is closed at the discretion of the saver prior to completion of his or her contract. Match funds will stay in the reserve match account and reallocated.

7. FAIM accountholders must designate a Family Assets Account beneficiary in their contract. In the event of the death of the FAIM Accountholder, the beneficiary would be entitled to the individual savings in the Family Asset Account and any allocated match money shall stay in the reserve match account.

8. FAIM accountholders are required to:
   - Participate in financial coaching sessions.
   - Sign the FAIM Program Contract.
   - FAIM accountholders are encouraged to use automatic deposits from paychecks into Family Asset Accounts.
   - Open a Family Asset Account at participating financial institution.
   - Complete the Financial Literacy Classes and the asset specific education.

FAIM Pay out Procedures

All documentation must be submitted to the Fiscal Agent 21 days prior the payment due date. Transfer of funds must be completed 21 days prior to the payment due date. The minimum participant amount withdrawn is $25 with $75 of match for a total minimum payout of $100, unless it is the final withdraw or prior approval from the Fiscal Agent has been acquired.

All checks that are prepared will be made out to the vendor of the goods or services for the permissible use, as stated in MN State Statue 256E.35, Subdivision 6(2)(b). It is considered a service provided by the issuing financial institution when a client utilizes a credit card to pay for goods, when no other billing option is available. A FAIM providing agency will not be considered a vendor of goods or services.

Any errors in documentation will be sent directly back to the FAIM Coordinator for correction and/or completion. It is not the responsibility of the Fiscal Agent or their staff, to correct errors. Payments will not be made until correct documentation is received by the Fiscal Agent.

In regards to payment for education assets: **A Participating Agency may make a promise to pay to an educational institution after a confirmation of match funds is made with the Fiscal Agent, provided the agency communicates with the educational institution and makes a third party billing arrangement between the institution and the Fiscal Agent.**

Upon written request from the organization, the Fiscal Agent can send the vendor check to the participant’s organization for disbursement to a vendor(s).

The Fiscal Agent will over-night paperwork or checks with the expense of such to be paid by the Agency requesting it.

Forms Needed for Payout to occur.

1. A completed “Certificate of Matched Withdrawal from Family Asset Account Financial Institution” form.

2. A completed “Participant Matched Withdrawal Form”.

3. Vendor Invoice (If for housing: the invoice may be on business letterhead from an attorney, bank, or a mortgage company with a **good faith estimate**. After closing on the home the actual **settlement statement** must be submitted to the Fiscal Agent. If the settlement statement is less than what was dispersed and the Fiscal Agent is not reimbursed, the Agency that is working with the participant will be responsible to pay the Fiscal Agent the difference, also if the settlement statement is not submitted within 7 business to the Fiscal Agent, all other participant checks will be held until the settlement statement is submitted.) All expenditures will require a receipt or actual invoice. All post-secondary higher education purchases will be paid only after a **third party billing letter** has been generated by the sub-grantee organization, the

school will invoice The Fiscal Agent for payment. Verification will need to be made with the fiscal agent for the exact dollar amount available of match funds and participant savings.

Upon receipt of the above mentioned forms, the Fiscal Agent will verify the following information BEFORE a payment(s) will be processed:

1. Participant has completed their 12 hours of Financial Literacy Education & 10 hours of Asset specific training. (For first time pay outs)

2. Verify that participant is enrolled in the program a minimum of 6 months prior to first payout.

3. Verify that the participant's money has been electronically transferred from their account at Bremer to the Fiscal Agent's account. If a check is issued by a financial institution to the fiscal agency it must be included with the completed forms.

4. Verify how much of the "payment request" is eligible for state & federal match.

If information is missing or incomplete an email will be sent to the coordinator and cc to their supervisor. Agencies will have 2 business days to respond. If the agency does not respond within 2 business days, the supervisor of the coordinator will be contacted. If after contact with the supervisor and the coordinator, if the issue cannot be resolved, NO PAYMENT WILL BE MADE.

Fiscal Procedures

A. Cash Disbursement Procedures

1. All paperwork (this includes all documentation needed for payout and accountholders money) must be submitted to the Fiscal Agent by 9:00 a.m. on Tuesday to be mailed on Friday. Any accounts payable not turned in by 9:00 a.m. Tuesday will not be processed until the next Accounts Payable period. Due to holidays/weekends, these dates are subject to change. ***See B: Exceptions***.

2. Lost Checks**:** Any checks that vendors do not receive will have a waiting period of two (2) weeks after the checks are mailed. If, after two (2) weeks, the vendor still has not received the check a void check form will need to be filled out, signed by the vendor and returned to the Fiscal Agent. A new check will then be prepared to the vendor during the third week. ***See B: Exceptions***.

B. Exceptions to cash disbursements:

1. *Holidays*:

   - When Thursday is a holiday, accounts payable will be processed Wednesday.

   - When Tuesday is a holiday, all accounts payable needs to be turned in by 5:00 p.m. on the last business day prior to a holiday.

2. *Late requests:* Any accounts payable turned in after “due time” and needs to be processed that week will only be processed with Executive Director or Fiscal Services Director approval.

3. *Holding of checks*: Fiscal Services Director, with Executive Director’s knowledge, has the authority to hold any check for reasons such as missing receipts, funding, missing or incomplete documentation, etc. When a check is held, the coordinator will be notified.

4. *Lost checks*: If a check needs to be replaced prior to the third week waiting period, it will need Executive Director or Fiscal Services Director approval.

Extensions for Participants

If coordinators request an extension that goes beyond the six month timeline after the two years savings option they need to do so in writing or email. That request, along with permission from the Fiscal Agent for the extension will be placed in the participants file for future reference.

When a payout is submitted on behalf of that participant, the coordinator needs to attach a copy of the approved extension to the payout so there is no question for the auditors or monitors regarding what happened with the time frame being exceeded.

If the request for an extension exceeds the deadline for the grant ending, permission for an extension will not be granted.

In any extension request, the opportunity to add additional savings beyond the two (2) year time line will not be allowed. This extension is intended to cover payout of the savings and match funds used to acquire an asset.

FAIM SCREENING TOOL

Income must be at or below 200% of Federal Poverty Level, check www.minnesotafaim.com for current guidelines.

ELIGIBILITY SCREENING CRITERIA:
Applicant must have Earned Income and be at or below 200% of the Federal Poverty Level based on current year guidelines. Child support, SSI and SSDI do not count as earned income, but must be included in income calculations.
Verification (must provide one of the following):

- Three previous months of pay stubs
- Previous year's tax return
- Previous year's W-2/s
- Estimated quarterly tax (if self-employed)
- Unemployment/workers compensation documentation

ASSETS OF THE FOLLOWING CANNOT BE OVER $10,000

- Funds in savings or checking account
- Interest income over $450 per year
- Liquid assets such as stocks and bonds
- Real Estate property in addition to principal residence

NOT CONSIDERED AN ASSET:

- Interest income of $450 or less
- Any retirement account where substantial penalty for early withdrawal would be incurred
- Irrevocable trust held by any member of the household
- Ownership of primary residence
- One vehicle per household

(When determining net worth, the aggregate market value minus the obligations are considered in the asset test)

INELIGIBILITYBECAUSE OF CREDIT ISSUES:

- Default on Student Loans
- IRS Tax Lien

TEN CORE FINANCIAL MANAGEMENT SKILLS FOR FAIM

1. Creating a working budget by developing income, spending, saving, and debt reduction plans, and preparing for emergency and non-monthly expenses.

2. Understanding the importance of asset-building as a way to build wealth, and the role of needs versus wants in meeting asset goals.

3. Determining net worth and applying strategies to build it, and understanding the difference between useful debts (e.g. - mortgage) and draining debts.

4. Knowing how to repair a negative credit report and how to maintain a positive credit rating.

5. Understanding debt-to-income ratios and how to implement a debt reduction plan, using a range of personal and community resources.

6. Knowing how to select and use financial institutions and financial products, and how to resolve problems with them.

7. Keeping accurate and easily accessible financial records.

8. Understanding relevant tax issues (EIC, WFC, renters, child, education credit) and basic insurance needs (medical, vehicle, home, disability insurance).

9. Understanding the basic tools of saving and investing for retirement (IRAs, 401Ks, etc).

10. Avoiding common predatory financial practices (sub-prime lending, payday loans, rent-to-own) and being aware of consumer protection remedies.

Financial Management Curriculum

(Four Cornerstones of Financial Literacy)

Using the ten core Financial Management skills, this curriculum provides lesson plans for six 2-hour sessions, though it is possible to convert these into other timings.

Adult learner principles are at the core of successful Financial Management programs, so each session incorporates learning circles and experiential methods.

The first session is planned as a “financial jumpstart early in the FAIM program and the other sessions are to follow one month later, once a week, for five weeks. The gap after session one allows clients to complete initial budgets and allows FAIM Coordinators to fill slots from early attrition before too far underway.

Individual financial coaching sessions can be offered as needed, but an initial one is recommended after session three, to refine budgets and begin an action plan to address each accountholders’ specific credit report issues.

Sessions and session content should be based on client need. Additional information may be inserted, and irrelevant information may be left out to customize the curriculum to the clients’ needs. However the length of training must still equal 12 hours. Financial Coaches must determine these needs prior to the sessions beginning.

<u>CORNERSTONE ONE</u>: Budgeting to Create Savings

<u>CORNERSTONE TWO</u>: Debt Reduction and Asset Building

<u>CORNERSTONE THREE</u>: Building a Good Credit Rating

<u>CORNERSTONE FOUR</u>: Consumer Protection and Financial Institutions

For more information, please refer to Four Cornerstones of Financial Literacy Curriculum.

-Goal Plan Example-

FAIM Program Form Appendices

REQUIRED FORMS/Support Information for Housing, Higher Education, Small Business Assets, See www.minnesotafaim.com for actual forms

Opening Forms

- Application2012FAIM_Send in.doc
- FAIM Program Contract_Send in.doc
- Financial Practices.doc
- Financial Products and Services.doc
- Certificate for Opening Family Asset Account
- FAIM Program Release of Information_Send in.doc
- Self-Efficacy.doc
- Financial Knowledge App & Exit.doc
- FAIM Signature Authorization for Withdrawals..doc

Financial Literacy Class Forms

- Certificate of Financial Literacy Class Completion
- Financial Knowledge Pre-Post Training.doc
- Self-Efficacy.doc
- Financial Practices.doc
- Financial Products and Services.doc

Withdrawal Forms

- FAIM Participant Matched Withdrawal Form_Send in.doc
- IDA Economic Education Notes Form_Send in.doc
- FAIM Certificate Partial or Full Completion_Send in .doc
- FAIM withdraw overcontribution form

Closing Forms

- FAIM Participant Matched Withdrawal Form_Send in.doc
- FAIM Certificate Partial or Full Completion
- Financial Knowledge App & Exit.doc
- Exit Program Form_Send in.doc
- Participant Satisfaction.doc
- Self-Efficacy.doc
- Financial Practices.doc
- Financial Products and Services.doc
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Program Forms

- Contract Amendment Form
- Contract Extension Form
- Economic Empowerment Plan Tracking Form
- Household Budget Estimate Form
- Business:
  - Business Plan Outline
- Education:
  - Third Party Billing Template.doc
- Home Purchase:
  - Mortgage Qualifier form