

CHAPTER 46

**NEW JERSEY INDIVIDUAL DEVELOPMENT
ACCOUNT PROGRAM RULES**

Authority

N.J.S.A. 44:10-90.

Source and Effective Date

R.2002 d.13, effective January 7, 2002.
See: 33 N.J.R. 3394(a), 34 N.J.R. 270(a).

Chapter Expiration Date

Chapter 46, New Jersey Individual Development Account Program Rules, expires on January 7, 2007.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. GENERAL PROVISIONS

- 5:46-1.1 Title, scope; purpose
- 5:46-1.2 Definitions
- 5:46-1.3 Participation criteria for organizations
- 5:46-1.4 Trust accounts for individuals
- 5:46-1.5 Supervised savings accounts
- 5:46-1.6 Time limitations
- 5:46-1.7 Financial education

SUBCHAPTER 1. GENERAL PROVISIONS

5:46-1.1 Title, scope; purpose

(a) This chapter shall be known as the "New Jersey Individual Development Account Program Rules."

(b) The scope of this chapter includes the following:

1. Policies concerning the establishment of individual development accounts;
2. Minimum standards for economic literacy education;
3. Selection criteria and requirements for participating community-based organizations; and
4. Eligibility criteria for individual participants.

(c) This chapter is intended to facilitate fair and efficient implementation of the New Jersey Individual Development Account Act, P.L. 2001, c.93, so that all eligible individuals will have an opportunity to establish individual development accounts with State assistance, to the extent that funding will permit.

5:46-1.2 Definitions

(a) All definitions set forth in section 3 of the New Jersey Individual Development Account Act, N.J.S.A. 44:10-88, as follows, shall be applicable to this chapter.

"Account holder" means a person who is the owner of an individual development account.

"Commissioner" means the Commissioner of Community Affairs.

"Community-based organization" means a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. § 501(c)(3)) and exempt from taxation under section 501(a) of the Internal Revenue Code of 1986 (26 U.S.C. § 501(a)), that is approved by the Commissioner to implement the New Jersey Individual Development Account Program established under the Act.

"Department" means the Department of Community Affairs.

"Economic literacy" means a basic understanding of budgets and savings accounts, credit and interest and how to use financial services; and having a savings plan and using it to reach the account holder's savings goal for an individual development account.

"Eligible individual" means an adult with an annual household gross income up to a maximum of 200 percent of the official poverty level.

"Financial institution" means a State or Federally chartered bank, savings bank, savings and loan association or credit union with an office in this State.

"Fund" means the Individual Development Account Fund established pursuant to 42 U.S.C. § 604(h) and 45 C.F.R. Part 263 (45 C.F.R. §§ 263.0 et seq.).

"Individual development account" means an account established pursuant to 42 U.S.C. § 604(h) and 45 C.F.R. Part 263 (45 C.F.R. §§ 263.0 et seq.) in trust for an eligible individual that is a trust account pursuant to the "Multiple-party Deposit Account Act," P.L. 1979, c.491 (N.J.S.A. 17:16I-1 et seq.).

"Program" means the New Jersey Individual Development Account Program established pursuant to the provisions of the Act.

"Program contributor" means a person or entity who makes a contribution to an individual development account reserve fund, except that "program contributor" does not mean the account holder.

"Reserve fund" means the individual development account reserve fund created by a community-based organization for the purposes of funding the costs incurred in the administration of the program; receiving matching funds from the State; and providing matching funds for individual development accounts pursuant to section 5 of the Act, N.J.S.A. 44:10-90.

(b) Additionally, the following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Act" means the New Jersey Individual Development Account Act, P.L. 2001, c.93, N.J.S.A. 44:10-86 et seq.

"Qualified provider organization" means an organization delivering economic literacy training which is approved by the Commissioner to provide such training, and may include a non-profit community-based organization, a public or private school or school district, an institution of higher education, a nonprofit consumer protection or consumer education organization, a for-profit educational institution or a trade association of financial institutions.

"Supervised savings account" means a savings account of an individual account holder for which a community-based organization receives at least quarterly financial documentation and has documentation sufficient to establish the source of all deposits.

5:46-1.3 Participation criteria for organizations

(a) In order to qualify for approval for participation in the Program, a community-based organization shall demonstrate, to the satisfaction of the Department, that it meets the following criteria:

1. It shall qualify as a tax-exempt, not-for-profit organization under sections 501(a) and 501(c)(3) of the U.S. Internal Revenue Service;
2. It shall maintain sufficient facilities that are reasonably accessible to account holders, including people with disabilities;
3. It shall have human and material resources sufficient to implement the Program in its local community and shall have a history of providing service to low-income persons in that community and of success in raising funds for that purpose. If it is a new organization, it shall have staff and board members who have had such experience in other organizations;
4. It shall present a workable plan for development, implementation and management of an individual development account program in the community, which plan shall include endorsement from at least one cooperating local financial institution. The plan shall indicate the length of time, in months and years, of the operation of the program by the organization, taking into account the resources that are or will be available;

5. It shall offer a comprehensive economic literacy program suited to the needs of the participating individuals, either with its own staff or under a proposed agreement with a qualified provider organization;

6. It shall identify the target population, together with a workable plan to exceed, to the extent that it shall identify, the minimum requirement of 33.3 percent participation by current or former WorkFirst New Jersey recipients pursuant to P.L. 1997, c.38 (N.J.S.A. 44:10-55 et seq.), or Aid to Families with Dependent Children recipients, or Temporary Assistance for Needy Families (TANF) recipients pursuant to 42 U.S.C. §§ 601 et seq. when using Federal TANF funding; and

7. It shall demonstrate that it has made a good faith effort to develop a satisfactory working relationship with the WorkFirst New Jersey Program and with the Workforce Investment Board of the county in which the community is located; and

(b) The Department shall select for participation in the Program those organizations that, in its judgment, would most effectively and efficiently provide to the target population the service required by the statute.

5:46-1.4 Trust accounts for individuals

(a) A community-based organization participating in the Program shall maintain a separate trust account in a financial institution as defined by the Multiple Party Deposit Account Act, P.L. 1979, c.491, N.J.S.A. 17:161-1 et seq. The trust account shall be an interest-bearing savings instrument bearing rates and fees at least as favorable to the depositor as the best terms available to other customers with similar accounts at each participating financial institution.

(b) To the extent that available funding, including funding from both public and non-public sources, may allow, the match rate shall be at least one dollar for each dollar deposited by the account holder into a supervised savings account.

1. Matching trust account deposits shall only be made for income earned by the individual and not deposited by any third party.

5:46-1.5 Supervised savings accounts

(a) The community-based organizations shall apply criteria for minimum and maximum levels of deposit that have been approved by the Department. These criteria shall be determined based upon the circumstances of the population to be served; provided, however, that in all cases the minimum level of deposit shall be not less than \$10.00 per month.

(b) Deposits in excess of \$1,500 per year shall not be eligible for matching funds.