Individual Development Account (IDA)

This section includes information about deposits and withdrawals from individual development accounts when the budgetary unit receives both NA and CA benefits.

Policy

Effective 06/2026, dividend income, educational income, interest payments, and royalty income are no longer countable. See the Urgent Bulletin for additional information.

Deposits and withdrawals from individual development accounts (IDA) apply to CA budgetary units. Deposits and withdrawals from IDA apply to NA only when the budgetary unit receives CA.

NOTE When the budgetary unit only receives NA benefits, FAA treats an IDA account like a savings account.

Treatment of income deposits made into an IDA varies depending on the source of the income deposited, ***all*** of the following apply:

- For information regarding educational income deposited into an IDA, see Educational Income and Expenses.
- Any unearned income deposited into an IDA is not countable.
- 50% of earned income per month, up to a maximum of $100, deposited into an IDA is not countable as earned income.

  NOTE Earned income remaining on deposit into an IDA account, including interest earned and kept in the IDA account, is not countable as earned income.

- 50% of self-employment income per month, up to a maximum of $100, deposited into an IDA is not countable as self-employment income.

  NOTE Self-employment income remaining on deposit with an IDA account, including interest earned and kept in the IDA account, is not as self-employment income countable.

Treatment of withdrawals from an IDA varies depending on the deposit's source and the withdrawal's purpose when the budgetary unit receives CA benefits.

NOTE When the budgetary unit only receives NA, withdrawals are not considered income.

Withdrawals from an IDA can only be initiated by way of a vendor payment from the financial institution directly to the provider of the allowable goods or services to be considered not countable unearned income for ***any*** of the following:

- For information regarding income withdrawn for educational income, see Educational Income and Expenses.
- The money to pay training costs from a licensed or certified training program that offers ***any*** of the following courses of study:

  Vocational

  Technical

  Other courses of study
- The money to purchase a first home
- The money to pay business capitalization costs

When a participant withdraws money from an IDA for any purpose other than previously listed, the withdrawal may be countable as unearned income in the month withdrawn, depending on ***one*** of the following:

- Money previously counted as earned income to the budgetary unit is not countable when withdrawn.
- When withdrawals are made from an IDA into which both earned and unearned income has been deposited, only 50% of the withdrawal is not countable.
- When withdrawals are made from an IDA into which only unearned income has been deposited, the entire amount withdrawn is countable as unearned income.

For additional policies on the treatment of IDA accounts as a resource, see ***all*** of the following:

- Individual Development Account – Renewals
- Individual Development Account Deposits
- Individual Development Account Withdrawals
- Individual Development Account Deposits and Withdrawals for Education
- Individual Development Account Status Changes

Countable income is used to determine an income budget. (See Income Budgeting to see how FAA determines the income budget.) FAA needs to know about income that is both countable and not countable to determine whether a budgetary unit's income is exceeding their expenses. (See Income Eligibility for more information about how FAA uses countable and not countable income.)

Procedures

Deposits made into an individual development account (IDA) are determined to be countable or not countable based on ***all*** of the following:

- Previous history
- The participant or authorized representative's statement of expected deposits
- When the deposits are made

Complete ***all*** of the following:

- Subtract the allowable IDA deposit (the non-countable portion) from the participant's gross earned or self-employment income up to $100 monthly.
- Budget the remaining gross income using the applicable Income Code.

For more information on budgeting, see Income Budgeting.

When a participant withdraws money from an IDA, determine whether to count or not count the money as unearned income based on the source of the deposit.

When the participant is present, have them sign the Authority to Release Information (FAA-1765A) form to contact any companies or businesses involved. The FAA-1765A can be faxed or emailed to the participant's employer when it is not possible to use the Application for Benefits (FAA-0001A) or the HEAplus Authority to Release Information signed statement.

Documentation must support determinations of eligibility and benefit level. Document in sufficient detail to ensure that any reviewer can assess whether the determination is reasonable and accurate. Include specific information regarding the reason the income is determined to be reasonably expected to continue. (See Budgeting Income Documentation Requirements for additional information.)

Verification

System interface and the case file(g) must be reviewed before verification is requested. No additional verification is needed when AZTECS interface or HEAplus hubs have verified the information.

The participant has the primary responsibility for providing verification. (See Participant Responsibilities – Providing Verification for additional policy.)

For NA, income is required to be verified for ***all*** of the following before eligibility is determined:

- When reported on a new application, during the interview of a new application, or changes reported before the eligibility determination of a new application.
- For changes reported after an eligibility determination of a new application (e.g., a renewal application, mid approval contact, etc.) and ***any*** of the following apply:
  - The source of the income has changed.
  - The income is questionable(g) or unclear(g).
  - The reported income amount has changed by $51 or more.
  - The previous verification in the case file is more than 59 calendar days(g) old.

For CA, all income is required to be verified before determining eligibility.

Examples of verification that can be used for individual development accounts (IDA) include, and are not limited to, ***any*** of the following:

- Name and branch of the financial institution
- Date the account was opened
- Current balance in the account
- All IDA financial institution statements received since the opening of the account
- All IDA deposits (including amounts, interest) and the source of the deposited funds
- All IDA withdrawals, including the manner and reason for the withdrawals
- The amounts that are not countable as a resource and the reason not countable
- The amounts that are countable as a resource and the reason countable
- The total accumulative deposits throughout the lifetime of the IDA

Examples of verification that can be used for unearned income include, and are not limited to, ***any*** of the following:

- Assistance payments records
- Absent Parent
- Arizona Technical Eligibility Computer System (AZTECS) INTERFACE INQUIRY MENU (ININ) for verification of SSA or SSI income
- Benefit award letters from SSA, Statement of Earnings VA, and other agencies
- Bank records
- Court records or court orders
- Division of Child Support Services (DCSS) documents or print outs
- Divorce or separation papers or contact with the Clerk of the Court
- Current check reflecting gross income (Do not copy federal government checks)
- Federal or state tax forms
- Household System Check (HOSC) information
- Insurance policies
- Mortgages and Sales Contracts
- Statement from the agency or payer providing the income
- State Data Exchange (SDX) microfiche
- Unemployment Insurance records

For Self-Employment Verification Sources:

When the participant is present, have them sign the Authority to Release Information (FAA-1765A) form to contact any companies or businesses involved. The FAA-1765A can be faxed or emailed to the participant's employer when it is not possible to use the Application for Benefits (FAA-0001A) or the HEAplus Authority to Release Information signed statement.

When self-employment expenses are not verified, eligibility is determined without the 40% Self-Employment Expense deduction.

Examples of verification that can be used for self-employment income and expenses include, and are not limited to, ***any*** of the following:

- Bookkeeping records
- Business ledgers listing income amounts received and expenses incurred
- Actual receipts
- Contracts for work
- Statements from patrons and companies
- Most recent Internal Revenue Service (IRS) U.S. Individual Income Tax Return (1040) form. Below are common IRS Schedule forms that the participant may provide in addition to the 1040:

  Schedule C, Profit or Loss From Business

  Schedule E, Supplemental Income and Loss

  Schedule F, Profit or Loss from Farming

  Schedules B-1, C, D, K, K-1, K-2, K-3, and M-3 of IRS U.S. Return of Partnership Income (1065) form (See Limited Liability Company (LLC) Definition for more information about LLCs.)

  NOTE Do not use the most recent IRS 1040 and Schedule forms when the participant indicates it does not accurately reflect the participant's current income.

- Rent or mortgage receipt for business property
- Property tax statements for business property
- Utility costs for business property
- Cleaning cost bills for business property
- Business location and equipment maintenance
- Personal records indicating personnel salaries or costs of outside labor, such as canceled checks and payroll checks

Earned Income Verification

Examples of verification that can be used for Earned Income include, and are not limited to, ***any*** of the following:

- System interface(g) when the participant agrees that the information is accurate.
- A copy of a paycheck stub.
- Copy of checks when the gross earnings are listed.
- A printout from a third-party payroll verification source provided by the participant.
- Third-party payroll verification sources when the employer uses the verification source as its legal agent to provide payroll services or respond to inquiries about employee records. (See Third-Party Payroll Verification Sources(g) for FAA approved sources, additional information, and instructions for requesting additional sources.)
- A New Employment Verification (C005) notice that is completed, dated, and signed by the employer or their payroll authority. To be considered complete, the statement has to include ***all*** of the following:

  Name, address, and telephone number of the employer

  Gross pay for the periods needed

  Frequency of pay (e.g., weekly, monthly, quarterly, etc.)

  Day of the week or day of the month pay is received (e.g., Fridays, 5th and 20th of the month, first of the month, etc.)

  Any expected change in pay
- For new or current employment verification, a completed Verification of New/Current Employment (FAA-0053A) form that includes a date and the signature of the employer or their payroll authority.
- For terminated employment verification, ***any*** of the following completed items that include a date and the signature of the employer or their payroll authority:

  Verification of Terminated Employment (FAA-1701A) form

  Verification of Terminated Employment (C019) notice
- Letter from the agency providing government-sponsored training.
- Leave and Earnings Statement (LES) from the military.
- A collateral contact with the employer or their payroll authority to clarify documented verification or when the participant is unable to obtain the verification and asks for assistance.

  NOTE Collateral contact is not used when contacting the employer would jeopardize the participant's employment or when the employer does not accept telephone verification.

NOTE Many companies do not allow verification over the telephone. When an FAA-0053A or FAA-1701A must be completed by ***any*** of the following, see the company's contact information to determine where FAA staff must send the form:

- Wendy's Employment and Wage Contact Information
- Solutions Staffing Employment and Wage Contact Information

AZTECS Keying Procedures

Keying Individual Development Account Deposits:

For deposits up to $100 per month into an Individual Development Account (IDA) that are not countable income, complete ***one or more*** of the following:

- Key earned income on EAIN, key the IX Income Type Code in the INCOME TYPE FIELD.
- Key self-employment income on SEEW, key the IC Income Type Code in the TYP field.
- Key unearned income on UNIN, key the IX Unearned Income Code in the INC TYPE field on UNIC

For deposits to an IDA that count as unearned educational income, complete ***each*** of the following:

- Key the amount on UNIE.
- Key IX in the TYPE field.

Keying IDA Withdrawals

IDA withdrawals for any reason other than for the purposes listed in the Policy Section key only the countable portion of the withdrawal, including interest paid directly to the budgetary unit.

Key the OT Unearned Income Code in the INC TYPE field on UNIC.

Document the case file(g) thoroughly to support keyed codes, amounts, and frequencies. See the AZTECS Data Entry Guide for instructions on keying the AZTECS income screens.

Legal Authorities

45 CFR 260.31(b)(5)

AAC R6-12-404

Prior Policy

last revised 02/02/2026