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NEW JERSEY ADMINISTRATIVE CODE

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*** New Jersey Register, Vol. 46 No. 11, June 2, 2014 ***

TITLE 5. COMMUNITY AFFAIRS

**CHAPTER 46. NEW JERSEY INDIVIDUAL DEVELOPMENT ACCOUNT
PROGRAM RULES**

N.J.A.C. 5:46 (2014)

Title 5, Chapter 46 -- Chapter Notes

CHAPTER AUTHORITY:

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

CHAPTER SOURCE AND EFFECTIVE DATE:

R.2007 d.200, effective May 30, 2007.

See: *38 N.J.R. 3725(a)*, *39 N.J.R. 2530(a)*.

CHAPTER EXPIRATION DATE:

In accordance with *N.J.S.A. 52:14B-5.1c*, Chapter 46, New Jersey Individual Development Account Program Rules, expires on November 26, 2014. See: *46 N.J.R. 911(a)*.

CHAPTER HISTORICAL NOTE:

Chapter 46, New Jersey Individual Development Account Program Rules, was adopted as new rules by R.2002 d.13, effective January 7, 2002. See: *33 N.J.R. 3394(a)*, *34 N.J.R. 270(a)*.

Chapter 46, New Jersey Individual Development Account Program Rules, was readopted as R.2007 d.200, effective May 30, 2007. See: Source and Effective Date.

In accordance with *N.J.S.A. 52:14B-5.1b*, Chapter 46, New Jersey Individual Development Account Program Rules, was scheduled to expire on May 30, 2014. See: *43 N.J.R. 1203(a)*.

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SUBCHAPTER 1. GENERAL PROVISIONS

N.J.A.C. 5:46-1.1 (2014)

§ 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.

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N.J.A.C. 5:46-1.2 (2014)

§ 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.

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N.J.A.C. 5:46-1.3 (2014)

§ 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.

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N.J.A.C. 5:46-1.4 (2014)

§ 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 17:16I-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.

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N.J.A.C. 5:46-1.5 (2014)

§ 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.

(c) No withdrawal of funds from any supervised savings account shall be permitted by a financial institution without signatures of both the account holder and an authorized representative of the community-based organization.

1. Prior to consenting to any withdrawal of funds, a representative of the community-based organization shall discuss with the account holder the consequences of the intended withdrawal of funds. The community-based organization shall not unreasonably withhold its consent to the withdrawal.

(d) The account holder may, upon the approval of the community-based organization, withdraw moneys from the account holder's individual development account in the form of a joint check or transfer of funds made payable to the account holder and the payee of the approved withdrawal, pursuant to *45 C.F.R. § 263.22*, for any of the following purposes:

1. Post-secondary educational expenses as defined in *42 U.S.C. § 604(h)(5)* and *45 C.F.R. § 263.20*;
 2. Qualified acquisition costs of a primary residence as defined in *42 U.S.C. § 604(h)(5)* and *45 C.F.R. § 263.20*;
- and
3. Qualified business capitalization expenses, as defined in *42 U.S.C. § 604(h)(5)* and *45 C.F.R. § 263.20*.

(e) In the event that an account holder withdraws any money from a supervised savings account for any other than post-secondary educational expenses, qualified acquisition costs of a primary residence, or qualified business capitalization expenses there shall be a commensurate reduction in the amount of money held by the community-based organization in the trust account maintained for that account holder. Funds withdrawn from the trust account pursuant to this subsection shall be used for matching deposits in other trust accounts, unless the Department shall otherwise direct.

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N.J.A.C. 5:46-1.6 (2014)

§ 5:46-1.6 Time limitations

(a) An account holder who wishes to withdraw money from a supervised savings account and receive matching funds from the matching trust account shall give to the community-based organization serving as trustee not less than 30 days advanced notice of intent to make such withdrawal.

(b) In order to be eligible to withdraw funds from the supervised savings account and receive matching funds from the trust account, an account holder must first maintain the supervised savings account until he or she satisfactorily completes the financial education course and asset-specific training program.

1. The Department may, at its discretion, set specific criteria governing withdrawal of funds from the supervised savings account and receipt of matching funds prior to the satisfactory completion of the financial education course and asset-specific training program to allow an account holder to attain an asset-specific goal.

(c) Matching funds may be earned for a period not to exceed 36 months.

1. The Department may, at its discretion, extend the maximum length of time an account holder may participate in the program to accommodate the needs of special populations and/or extraordinary circumstances.

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N.J.A.C. 5:46-1.7 (2014)

§ 5:46-1.7 Financial education

(a) Each account holder shall be required to satisfactorily complete a financial education course and an asset-specific training program in one of the three qualified areas under *N.J.A.C. 5:46-1.5(d)*, sponsored by the participating community-based organization.

(b) Community-based organizations may use either their own staff or a qualified provider organization to teach financial education courses and asset-specific training programs to account holders.

(c) Upon being approved for funding by the Department, any qualified provider organization, or any community-based organization that wishes to use its own staff to teach financial education courses and asset-specific training programs, shall submit its proposed course and program to the Department for approval at least 60 days prior to the first session. The application for approval may be in letter form.

(d) Each application for course and program approval shall be submitted in the name of the organization by a person authorized by the governing board to do so and shall, at a minimum, contain the following information:

1. A description of the length of each session, the frequency of the sessions and the total number of sessions;
2. An outline of the course and program content, broken down by session;
3. A description of any materials or texts to be used;
4. A statement of the qualifications of the person(s) who will be teaching the course and program;
5. A statement of how often the course and program will be offered;
6. A statement that the organization will notify the Department if the course and program is withdrawn or changed in any way;
7. A statement that, if the course and program is taught by a qualified provider organization, it will inform the community-based organization whenever a participant withdraws from the training;
8. A statement that the organization will conduct the course and program in accordance with the Act, this chapter and any directives that the Department may issue pursuant thereto; and
9. A statement of any rules or requirements of the organization with which account holders must comply.

(e) Upon verification that a proposed course and program meets the requirements and intent of this chapter and of the Act, the Department shall issue a letter of approval to the organization that includes any terms and conditions of the approval. The approval shall only continue in effect so long as the course and program conforms to the application and to any terms and conditions imposed by the Department.

(f) The Department may revoke its approval, after notice and an opportunity to be heard, whenever it determines that a course and program does not conform to the requirements of the Act, of this chapter or of the terms and conditions of the approval.

(g) A for-profit organization shall not market its own products or services in the course of training, nor shall a trade organization market the products of a specific for-profit organization.

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