



## FSA Program Withdrawal Policies, Procedures, & Checklist

**Qualified Assets:** FSA savings and match funds are approved for the following expenses:

**Home Purchase** – Including a house, pre-fabricated house, condominium, or land on which a home will be built. In the case of mobile homes, the dwelling must be made permanent by removing the wheels, establishing permanent utility fixtures and anchoring to a permanent foundation or slab. In the case of a land purchase, the participant must have demonstrable plans and financing to place a home upon the land within six months of purchase date. The FSA participant must be planning to live in the home. Acceptable FSA uses include contributions to a down payment, lending costs or fees, or other closing costs.

**Home Repair/Improvement** – Work must be done on a property owned and lived in by the FSA participant and must be likely to preserve or increase the value and/or practical use of the property. Acceptable FSA uses include contractor's fees, design or license fees, and the cost of building permits or building materials.

**Business or Entrepreneurial Activity/Start-Up/Expansion** – Acceptable FSA uses include expenditures for initial inventory, business equipment (including a vehicle), targeted marketing or other start-up, provided all expenditures derive from a structured, realistic business plan.

**Post-Secondary, Vocational/Technical Education** – Acceptable FSA uses include the cost of credits, tuition, books, or other materials directly associated with the education. Tuition should be toward a degree or course of study that can be reasonably expected to improve an FSA participant's prospects for employment and/or earning potential.

**Car Purchase related to Self-Sufficiency Goal** – Acceptable FSA uses include out-right purchase of vehicle, down payment, or other fees associated with purchase of a reliable vehicle for transportation to a job, school, or maintaining a job. FSA funds cannot be used to cover an existing car loan or insurances premiums.

**Other** - Acceptable FSA uses may include enrollment of a saver's child in day care to enable the saver to participate in job training, in job training, any work-related activity or education program, or other activity based on an approved plan. Use of the FSA match for any other use must have prior approval by the Department.

### Withdrawal Procedures Checklist:

#### Prior to Withdrawal Request Appointment...

- \_\_\_\_\_ **Workshops and Individual Guidance** – FSA participants must have attended all required workshops for specified goal, including personalized electives/training.
- \_\_\_\_\_ **Minimum Saving Period** – Participants must have at least 12 consecutive months of saving before being eligible for a withdrawal.
- \_\_\_\_\_ **Action Plan** – A copy of the completed plan must be submitted to NHCO. In some cases, a credit report is also required.
- \_\_\_\_\_ **Budget** - Make sure a copy of your completed budget has been submitted.
- \_\_\_\_\_ **Financing Qualification** – For asset purchases that require financing other than FSA funds, participants should apply and receive approval for the funds needed to make the asset purchase possible - before submitting the Withdrawal Request Form.
- \_\_\_\_\_ **Withdrawal Request Form** – Participants must schedule an appointment to complete and submit a Withdrawal Request Form with appropriate documentation. **Allow at least 10 business days for the request to be processed after it has been submitted.**

**Documentation** – Withdrawal Requests must be accompanied by detailed documentation of the planned purchase or expenditure. The following forms of documentation are necessary for each category of asset purchase:

**Home Purchase** – A copy of a purchase and sales agreement, mortgage approval letter, and any relevant bills (attorney, home inspection, etc.). FSA Case Manager may also be available to attend settlement.

**Home Improvement/Repair** – A copy of contractor’s estimates (at least two estimates are required) when professional contractors are involved, appropriate building permits (when required) and/or written building material invoices. If participant plans to complete repair/renovation and purchase and use building materials themselves, a materials invoice must be supplied. Payment will go directly to the vendor.

**Business or Entrepreneurial Activity/Start-Up/Expansion** – A copy of the participant’s business plan and written estimates for the cost of services or products to be purchased for the business.

**Post-Secondary, Vocational/Technical Education** – A tuition bill from the school or training program as well as a description of the degree program or course of study. You may transfer your FSA savings for education into a Tuition Assistance Program (TAP 529) contract and become an FSA/TAP 529 account owner. However, if you terminate a TAP contract, the amount refunded to you will exclude the match and any increase in value resulting from that match. You or a member of your immediate family may be the beneficiary of the education.

**Car Purchase related to Self-Sufficiency Goal** – A copy of a purchase and sales agreement from dealer or seller.

**Other**- A copy of invoices for payment proof and any relevant bills. Additional documentation may be requested by FSA Case Manger or the Department.

**Forms of Payment** –In no case will FSA funds be issued directly to participants. Checks will be issued in the precise amount of the purchase(s), made out to the specific vender(s).

**LAST STEPS:**

NHCO will contact you when your Withdrawal Request is approved. Upon approval, you may pick up the Approved Withdrawal paperwork from NHCO, or have it mailed to you. Take the Approved Withdrawal paperwork to your bank and have them fill out a certified or cashier’s check **TO THE VENDER** on your paperwork. **(the check must be made out to the vender specified on your Withdrawal Request form).** **NHCO MUST have a copy of this check.** You may ask the bank to make a copy of the check, and you mail it back to NHCO, or, you may bring it to NHCO for copying. Either way, a check for your Match amount will not be sent to your vender until a copy of the cashiers check is received.

Your check for Match amount may be picked up at NHCO, or mailed directly to the vender.

- ★ Next step..... keep saving for your next goal !
- ★ Let others know about the Family Savings Account Program!

**Appeals** – This policy shall serve as the primary definition of what asset purchases are and acceptable uses of FSA savings and matching funds. In the case of a Withdrawal Request where the permissibility of which is not clear from this policy, the NHCO Family Savings Account Program advisory committee will hold final decision making authority in interpreting Program policy. In addition, FSA participants who disagree with Program staff about the permissibility of a qualified withdrawal request may appeal for a final decision to the committee or to the Department of Community and Economic Development.