

441—64.3(541A) Eligibility, state match payments, and state tax provisions.

64.3(1) *Eligibility based on countable household income level.* Eligibility will be based on the prospective account holder's household income for the calendar year preceding the calendar year in which the IDA will be opened. The household income shall not exceed 200 percent of the federal poverty level as published in the same year. If an account holder's household income exceeds 200 percent of the federal poverty level in any subsequent year following the year that the account holder established the account, the account will remain open, but the account holder will not be eligible to receive the state savings match payment for deposits made during the year following the year when the household income exceeds 200 percent of the federal poverty level. If the prospective account holder files an income tax return on a fiscal year basis, the household income must nonetheless be computed on a calendar year basis.

64.3(2) *Countable household income.*

a. The household's countable income shall be the Iowa net income as defined in Iowa Code section 422.7, with the following inclusions and exclusions:

(1) Inclusions to the extent not already included in Iowa net income are as follows:

1. Capital gains.
2. Alimony.
3. Child support money.
4. Cash public assistance and relief, except property tax relief under Iowa Code chapter 425, subchapter II.

5. The gross payment amount of any pension or annuity, including but not limited to railroad retirement benefits.

6. Military retirement and veterans' disability pensions.
7. Interest received from local, state or federal government securities.
8. Workers' compensation.
9. The gross amount of disability income or "loss of time" insurance.

(2) Exclusions are as follows:

1. Gifts from nongovernmental sources.
2. Surplus foods, including food assistance.
3. Payments received by an individual under the age of 18 under the federal Social Security Act.
4. Other in-kind relief supplied by a governmental agency.
- b.* Income shall not be reduced by either a net operating loss carryover or by a capital loss carryover.

64.3(3) *Determination of income status and eligibility.*

a. In lieu of calculating countable household income as provided in subrule 64.3(2) to determine income status and eligibility of an individual to hold an IDA, the operating organization may use evidence of an individual's enrollment in a program with income eligibility restrictions that are equal to or less than the maximum household income provided in subrule 64.3(1) as sufficient for determining the individual's eligibility to hold an IDA.

b. In order to determine the amount of countable household income of an individual seeking to open an IDA and to maintain household income records on an annual basis, the operating organization shall use any of the following methods or other methods deemed appropriate by the operating organization to obtain accurate income information:

(1) The operating organization shall ask both the individual who wishes to establish an IDA and other members of the individual's household who have filed federal or state income tax returns to furnish a copy of the returns with attached W-2 statements and to sign a release of information form permitting the operating organization to receive from the Iowa department of revenue summary information indicating the Iowa net income or to receive a copy of the state income tax return for the specific calendar year used to establish income eligibility to participate in the IDA program and for specified successive calendar years during which the IDA account is open. The operating organization shall protect the confidentiality of this information.

(2) If the individual and members of the individual's household have not filed federal or state income tax returns for the calendar year used to determine eligibility, the operating organization shall ask the

individual to provide copies of available financial records of the household to determine the amount of countable income for the calendar year used to determine eligibility.

(3) The operating organization may also ask the individual seeking to hold an IDA to sign a release of information form allowing the operating organization to obtain individual and household income records held by agencies administering the programs referred to in paragraph 64.3(3)“a.” The operating organization shall use this information to verify and maintain household income records of individuals seeking to hold an IDA, thereby facilitating the administration of the IDA program. The operating organization shall maintain the confidentiality of this information. Countable household income determinations shall include the amount of the cash assistance provided through the programs referred to in paragraph 64.3(3)“a.”

(4) If the individual has minimal or no financial records and the operating organization determines that the totality of the individual’s circumstances corroborates a credible explanation for the absence of said records, the operating organization may accept a written self-declaration from the individual as sufficient to document initial income eligibility to hold an IDA.

c. The operating organization shall obtain and maintain income information records from an account holder and all members of the account holder’s family on a yearly basis to determine continued IDA eligibility.

64.3(4) *Exemption from income tax for income earned on assets in an IDA.* Income earned on principal in an IDA will be exempt from state income tax even if the account holder’s household income is greater than 200 percent of the federal poverty level for the tax year.

64.3(5) *State match payments.* The operating organization shall determine the account holder’s countable household income and account deposits on an annual basis for the purpose of computing the state match payment. The operating organization shall file with the department a claim for a state match payment on behalf of the account holder by April 30 of the year following the year in which the account holder made deposits into the IDA. The claim shall be filed on a form provided by the department. The department will make a payment of a savings match on a 1:1 ratio on amounts of up to \$2,000 that an eligible account holder deposited in the account holder’s account the previous year. The total state savings match for all years shall not exceed \$2,000 for any IDA. Neither the moneys transferred to an IDA from another IDA nor the state match received by the account holder pursuant to this subrule will be considered an account holder deposit for purposes of determining a state match payment. The department or operating organization shall make the state match payment directly to the IDA in the manner deemed appropriate by the department.

64.3(6) *Tax implications.* IDAs shall be subject to rule 701—302.44(422,541A).

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