

ESCROW FACT SHEET

(How the Escrow Account Works)

- ✿ The general concept of the escrow account is that FSS families continue to pay rent in accordance with their income (even as their incomes increase due to employment).
- ✿ The escrow is activated when there is a change in **Earned Income (wages) and your escrow savings can grow as high as \$25,000 (the maximum allowed)**.
- ✿ For there to be an escrow, the current Family Rent must be greater than the Family Rent when the Contract was executed.
- ✿ The family's **Annual Income, Earned Income** and **Family Rent** is inserted into the FSS Contract of participation at sign up. These become the baseline figures for future escrow calculation.
- ✿ The baseline figures may be taken from the amounts on your last re-examination.
 - ***It is most beneficial to sign the Contract while wage income is at zero or very low i.e.: While the participant is still in school, job training or seeking to become employed.***
- ✿ It is the participant's responsibility to work with the FSS Mentors. In some cases when a big change in earned income is anticipated due to graduation from college, upgraded skills training, marriage.... timing is crucial to take advantage of the escrow benefit.
- ✿ An FSS family may use its FSS account funds for the purchase of a home, car or debt.
- ✿ Hearthway will report annually to each FSS family on the status of the family's FSS Escrow Account.

