



# Montana Students Save for Higher Education Individual Development Account (IDA) Program

Questions Frequently Asked by Prospective Participants

## What is an “IDA”?

An Individual Development Account, or IDA, is a special matched savings account for people with low incomes. These accounts are designed to help families and individuals of modest means establish a pattern of regular saving and, ultimately, purchase a “productive asset.” A “productive asset” is something of value that is likely to return substantial long-term benefits to its owner. While your paycheck helps you to buy food and clothing and pay your bills each month, an asset provides financial security for the future.

Typically, IDA savings and match money can be used to buy a house, pay for education, or start a small business. Most IDA programs focus on a particular type of asset like education or home ownership. **The Montana Students Save Program is dedicated to helping participants save for post-secondary education (such as attending college, university, technical college, or vocational school).**

## What is a “savings match?”

A “savings match” is a promise to supplement an IDA participant’s savings deposit at a specific rate. The Montana Students Save Program will offer a 6:1 savings match, meaning that for every dollar a participant saves as part of the program, he or she will be eligible to receive another six dollars. So if you save \$300 throughout the course of the program and meet all the other program requirements you will be eligible for \$1,800 match to purchase the agreed upon asset. The maximum match that the participant will be eligible to receive is \$3,000. So to take full advantage of the Program, participants should save \$500 which will allow for \$3,000 match at the end of the program.

## Why is my money matched?

Saving matches are not “giveaways”. Participants *earn* savings matches by saving their own hard earned money and taking other steps to prepare for their future like attending personal finance classes. Providing match dollars is a way to help hard working low-income families and individuals build a more secure future. IDA Programs benefit more than just those enrolled because participants conclude the program with a financial education and a *productive asset* to provide for themselves and their families which benefits the entire community.

## Where are savings deposited?

Usually savings are deposited in local community credit unions or banks. In the Montana Students Save Program deposits will be made in one of our partner credit unions located across Montana. The participant IDA is a restricted account owned by the individual participant: no withdrawals are made from the IDA without written consent of both the participant and Montana Credit Unions for Community Development Program Manager. Montana Students Save participant deposits will earn interest at the rate in effect for non-IDA Credit Union accounts and will have all monthly service charges or fees waived.

## Which credit unions are participating and what communities do they serve?

There are eight credit unions throughout Montana participating in MSS. These credit unions are: Fergus County Federal Credit Union, Great Falls Teachers Federal Credit Union, Kootenai Valley Federal Credit Union, Lincoln County Credit Union, Missoula Federal Credit Union, Sky Federal Credit Union, and Summit Credit Union. Attached you will find a map of the communities that these credit unions serve.

## Is there more to an IDA program than just savings matches?

Absolutely. The main goal of an IDA program is to provide each participant with a set of tools that will enable them to make well-informed choices and continue to build their assets long after the program ends. In order to achieve this, financial education is provided to help participants acquire or polish the personal and financial skills that are essential for long term success, including skills like budgeting/spending plans, working with checking and savings accounts, understanding credit and credit reports, and avoiding fringe banking services and predatory lending.

Working with a Student Assistance Foundation program coordinator, a participant will also learn of other community resources and develop a plan to achieve his or her goals. Each participant will also attend workshops to help guide the participant through self exploration, goal setting, career exploration, college planning, financial aid planning, and future job success. Participants who receive financial education and counseling, as part of the program, have a far better chance for long term success. For this reason, financial education training is a mandatory part of the program.

## Who is eligible to participate?

IDA Programs are dedicated to helping underserved and low income populations and each program has its own individual eligibility requirements. In order to be a part of the Montana Students Save program the individual or family must:

1) Have an annual household income at or below 200% of Federal Poverty levels or income at or below the Earned Income Tax Credit threshold. *(The federal poverty guidelines are calculated by the number of people in your household and your annual income. These income levels are listed in the tables below.)*

**AND**

2) Do not have household net worth exceeding \$10,000. *(In determining net worth, the primary dwelling and one motor vehicle owned by a member of the household will be excluded.)*

**AND**

3) The applicant must plan to use qualified match for an eligible higher educational institution in Montana *(programs offering college level continuing education courses acceptable toward an academic degree)* or postsecondary vocational education in Montana *(programs offering courses preparing individuals for emerging occupations requiring other than a baccalaureate or advanced degree)*

200 % OF THE FEDERAL POVERTY GUIDELINES (Required for MMS participation)	
Persons in Family or Household	Income Equal to or Less Than
1	\$ 20,800
2	\$ 28,000
3	\$ 35,200
4	\$ 42,400
5	\$ 49,600
6	\$ 56,800
7	\$ 64,000
8	\$ 71,200
For each additional Person, add	\$ 7,200

EITC Income Requirements (Required for MMS participation)		
Number of Children	Family Head Filing Individually	Married Filing Jointly
0	\$12,280	\$15,880
1 child	\$33,995	\$36,995
2 or more children	\$38,646	\$41,646

SOURCE: [www.irs.gov](http://www.irs.gov)

## What is required of IDA participants?

Montana Students Save IDA participants agree to:

- make monthly savings deposits of at least \$20.00 for at least 6 months
- participate in personal finance/money management training and career and post-secondary planning
- maintain regular contact with program representatives

## What about making savings withdrawals?

Because IDAs are intended to help people purchase productive assets, withdrawals for non-asset uses are strongly discouraged. However, in certain emergency situations program participants may be eligible to withdraw some of their savings before they are ready to purchase their asset goal. Such withdrawals would *not* include savings matches. A meeting with an IDA Program representative is required in order to exercise this option. Additionally, participants may, if necessary, close their account, withdraw from the program and receive all of their savings and earned interest. In such cases, the participant loses the opportunity to receive savings matches intended for post-secondary education.

## How do participants receive match funds and purchase their asset goal?

Matched funds will be made available when the participant is ready to purchase their asset goal based on both their savings and completion of all other Program requirements. At that time a vendor check will be issued directly to the institution where the participant is seeking higher education.

## What asset purchases are allowed under the Montana Students Save Program?

The purpose of Montana Students Save is to help participants save to meet the costs of obtaining education and resources that can lead to the future success of all participants. IDA funds can be used toward programs at a college, university, technical college, or vocational school. All purchases must be a part of the participant's stated goals and approved by the project partners. Participants may use the money in their IDA to pay for tuition and fees, books, supplies, and equipment required for courses at a Montana institution.

## Is the Montana Students Save IDA Program right for me?

This is a question that you and the IDA Credit Union program coordinator will answer together. If you meet the eligibility requirements and would like to save for post-secondary education and/or training then participating in the Montana Students Save Program could be an ideal way to reach your goal. Each person and situation is different so take time to ask questions and learn as much as you can about the Program. A representative from the Montana Students Save Project will be happy to help you determine whether it is an appropriate program for your own asset goals and whether you are eligible based on income requirements.

If you do not think higher education is right for your or if you are not ready to set an education goal, you may not be ready to participate in Montana Students Save. If it is determined that you are not ready to start the Program there are many things you can do in order to meet the eligibility requirements in the future. These include college preparation workshops, and career exploration and/or planning.

## How will savings in an IDA affect financial aid?

The savings in an IDA is considered a protected asset which means, according to Assets For Independence legislation (*SEC. 415. No Reduction in Benefits*), the AFI IDA savings account is exempt as an asset for determination of entitlement grants such as Pell and state funds. The saved portion of the IDA is excluded from being counted as an asset when determining the Estimated Family Contribution (EFC). Since the saved money does not affect the EFC, then the saved money will have no affect on the student's access to financial aid.

## How will matched money in an IDA affect financial aid?

The savings in an Individual Development Account is excluded from being counted as an asset when determining Estimated Family Contribution. However, the matched money that the participant earns will most likely be considered an outside resource. Financial aid offices should treat the matched money as they treat any other outside scholarship; it should help decrease the amount of loans the participant needs to take out and would then decrease the amount of campus-based aid such as work study, Perkins loans and other institutional grants and loans. Generally, these institutions do not penalize low income individuals for saving and accessing outside grant resources as it is counter to their philosophy of access. In a few extreme cases where IDA savers also had an extraordinary amount of other outside scholarships resources, federal work study and loan aid was decreased. In these cases, as with other scholarship funds, IDAs helped the low-income students cover school costs with less debt and work obligations.

---

*Montana Students Save* is a project of Student Assistance Foundation, Montana Credit Unions for Community Development, Partner Credit Unions, and US Department of Health and Human Services through the Assets for Independence program.

