

Montana Matched Education Savings Account Program FAQ

Prospective Participants

What is a “MESA”?

A Matched Education Savings Account (MESA), also known as an Individual Development Account (IDA), is a special matched savings account for people with lower 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 MESA Programs are dedicated to helping participants save for post-secondary education at a Montana school.**

What is a “savings match?”

A “savings match” is a promise to supplement a MESA or IDA participant’s savings deposit at a specific rate. For example, a 3:1 savings match means that for every dollar a participant saves as part of the program, he or she will be eligible to receive another three dollars. So if you save \$500 throughout the course of the program and meet all the other program requirements you will be eligible for \$1,500 match to purchase the agreed upon asset. The maximum match that the participant will be eligible to receive is dependent on the particular MESA program they are eligible for. **Matched funding may not be used to pay toward student loans or housing.**

MESA Program	Savings Goal	Match Rate	Maximum Match
Carroll College	\$500	8:1	\$4,000
Gallatin College	\$500	4:1	\$2,000
Montana GEAR UP	\$500	5:1	\$2,500
Montana State University	\$500	3:1	\$1,500
Montana Tech - Ron Verbeck	\$500	5:1	\$2,500
Statewide MESA	\$500	5:1	\$2,500
University of Montana	\$500	3:1	\$1,500

To take full advantage of the program, participants should save \$500 to earn a full match at the end of the program.

Where are savings deposited?

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

What is required of MESA participants?

MESA participants agree to:

- make monthly savings deposits of at least \$25.00 for at least 6 months
- participate in personal finance/money management training and post-secondary planning
- maintain regular contact with program representatives

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 MESA 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 have earned income

AND

4) The applicant must be a Montana resident enrolled at one of the participating schools. For the GEAR UP program, applicant must be enrolled at a GEAR UP High School. Individuals applying for the Statewide MESA must be enrolled at a Montana post-secondary school.

200 % OF THE FEDERAL POVERTY GUIDELINES (Required for UM MESA participation)	
Persons in Family or Household	Income Equal to or Less Than
1	\$23,540
2	\$31,860
3	\$40,180
For each additional person, add	\$8,320

OR

EITC Income Requirements (Required for UM MESA participation)		
Number of Children	Family Head Filing Individually	Married Filing Jointly
0	\$14,550	\$20,000
1 child	\$38,500	\$43,900
2 children	\$43,750	\$49,150
3 children	46,950	\$52,427

SOURCE: www.irs.gov Federal Register/ Wednesday, January 22, 2015 / Notices

Is there more to a MESA program than just savings matches?

Absolutely. The main goal of the MESA 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. 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.

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

The participant may access their MESA funds once they have completed the program requirements. Matched funds will be made available when the participant is ready to purchase their asset goal based on their savings, financial education and completion of all other program requirements. At that time a check will be issued directly to the school, where the participant is enrolled as a student or approved vendor.

When the participant is ready to have a check issued from their MESA savings and match, they must fill out a Qualified Withdrawal Request form, submit an invoice from the vendor or institution and submitted to the Credit Unions Coordinator for the MESA program. Once their request is approved, the participating credit union will write a check from the participant's Matched Education Savings Account directly to the vendor or institution from which the asset is being purchased. The MESA savings and match will never be given directly to the participant. **If paying for tuition, you must present a copy of an outstanding tuition bill. It is your responsibility to time your withdrawal request before your financial aid goes through. Allow 10 days for the check be issued for the vendor or institution.**

What asset purchases are allowed under the MESA Program?

The purpose of the MESA Program is to help participants save to meet the costs of obtaining education and resources that can lead to the future success of all participants. 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 MESA to pay for tuition and fees, books, supplies, and equipment required for courses at qualifying school. **Matched funding may not be used to pay toward student loans or housing.**

Is the MESA Program right for me?

This is a question that you and the MESA 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 MESA 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 MESA Program 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.

How will savings in a MESA affect financial aid?

The savings in a MESA is considered a protected asset which means, according to Assets for Independence legislation (*SEC. 415. No Reduction in Benefits*), the MESA savings account is exempt as an asset for determination of entitlement grants such as Pell and state funds. The saved portion of the MESA 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 effect on the student's access to financial aid.

How will matched money in a MESA affect financial aid?

The savings in a Matched Education Savings 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 MESA 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, MESAs helped the low-income students cover school costs with less debt and work obligations.

For more information on the Montana MESA Program, visit the Montana Credit Unions for Community Development website at www.MontanaCreditUnions.coop. Click on, 'Matched Savings Accounts' for access to applications and FAQs.

Contact Nolan Glueckert, nolan@mcun.coop, (406) 324-7460 for more information.

The Montana MESA Programs are collaborative projects with generous funding and support from:
Big Sky Youth Empowerment • Carroll College • Gallatin College • Montana GEAR UP
Montana State University • Montana Tech - Ron Verbeck family • University of Montana
NeighborWorks Montana • Montana Credit Unions
Montana Credit Unions for Community Development • Student Assistance Foundation
US Department of Health and Human Services through the Assets for Independence program