

MIDAS

Building wealth in Massachusetts' low-income communities

The Midas Collaborative

Matched Savings Program

General Program Policies and Procedures

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Introduction

The matched savings program provides a way for income eligible investors to build assets in an effort to achieve their dream of home ownership, business development, or post-secondary education.

The matched savings program is offered through Midas, a network of Community Partners in the Massachusetts area. These Community Partners are experts in their respective fields of home ownership, business development and higher education. The Community Partners are responsible for assisting potential investors with the application process, providing them access to training, and assisting and monitoring investors once they are enrolled in the Program. Midas will manage your matched savings account and support the Community Partners who work with you.

The following document contains the policies and procedures for the matched savings program. It is designed to provide investors and Community Partners with all of the information they need to successfully participate in the program.

Definitions

Community Partner: The Community Partner is the organization you have been working with to enroll in the matched savings program. You will be working with this same organization throughout your time in the program.

Financial Institution: This refers to the bank where your matched savings account is held.

Investor: This is you! The person participating in a matched savings program, who will save money, build financial skills and invest in a life-change asset.

The Midas Collaborative (referred to as “Midas”) is a group of community-based organizations that work together to deliver matched savings programs and other strategies to assist Massachusetts families build and retain assets. Your Community Partner is a member of the Midas Collaborative.

Financial Education Training focuses on building personal financial capacity and may include topics such as personal budgeting, record keeping, balancing a checkbook, building credit, etc.

Asset Management Training relates to the Investor’s specific asset goal. For homeownership, asset training could include homebuyer education classes, household maintenance, etc. For business development this could include training on marketing, business planning, or food safety requirements. For education, training could include sessions on how to fill out financial aid forms, what classes to take, etc.

 This icon is used throughout these policies and precedes the name of a form that must be completed by the investor. These forms are available from the Community Partner.

Savings

Earned Income

Matched savings dollars must be derived from earned income, which includes employment earnings and self-employment earnings (earned income is defined by the U.S. Internal Revenue Code of 1986).

Applicants cannot open a matched savings account until they verify earned income in their household from a job, their business, or another source.

Earned income (money received for services rendered) **includes:**

- Wages
- Income from self-employment
- Work Study
- AmeriCorps Stipend
- Foster Care Income from State
- Unemployment

Benefit income is not considered earned income. An individual who receives only **Social Security payments** (or any other benefit income) cannot become a saver in the program. However, if someone else in the household has earned income, the Social Security benefit earner can save using that other person's income.

Bank Accounts

The match accounts are custodial, which means that they are opened in the name of the investor but Midas is the signatory on the accounts. Investors can deposit funds but may not withdraw funds from the accounts.

The investor holds ownership over all money they deposit into their matched saving account and the interest earned on that money. Match money is not deposited into the investor's account. It is reserved in a separate account held by Midas and released when a qualified withdrawal is requested. Interest earned on the matched savings account is taxable to the investor.

Minimum and Maximum Savings and Match

Savings refers to the amount of money that an investor deposits into their account on a monthly basis. **Match** refers to the amount of money that they "earn" as a result of following the program guidelines and making regular savings deposits. Investors must save a **minimum of \$25 and can save up to a maximum of \$200 monthly**.

The maximum amount of total savings that will be matched during the program for homeownership, education or business development is predetermined by the program design. Community Partners may have smaller savings caps; and their caps will supersede the limits mentioned above. Your individual savings agreement will detail your savings rates, rights and responsibilities.

- Deposits can be broken down weekly or bi-weekly. Match is allocated on the total of deposits made each month.
- At the time of income tax returns, investors are given the option of depositing a portion of their tax refund to be matched. This deposit is counted as the investor's monthly deposit. See the Tax Refund Deposits Section for more details.

Monthly deposits are monitored by Midas and the Community Partner for compliance.

Missed Deposits:

- Midas will notify the Community Partner of a missed deposit. For the first missed deposit, Community Partners are expected to call or meet with the investor to determine the issues and come up with a resolution (i.e. continued savings, Leave of Absence, etc). Community Partner should make note of the issues and resolution in the file.
- For the second missed deposit, Community Partners should meet with the investor, discuss the issues and amend the Savings Plan Agreement appropriately. A copy of the Amended Savings Plan Agreement should be sent to Midas so the file can be updated.
- For the third missed deposit, investors might be terminated from the program at the discretion of Midas and the Community Partner.

Deviated Savings:

- Midas will notify the Community Partner when an investor has deviated from his/her Savings Plan.
- If the investor has saved below their Savings Plan amount, the investor will have two months to make up the difference in savings between the actual and planned savings amount. For example, if a participant has planned on saving \$50/month and only saves \$25 in a given month, the participant has two months to make up the \$25 difference.
 - If an investor cannot make up this amount, he/she must either amend the Savings Plan Agreement (which can only be done once for this reason) or to go on a Leave of Absence.
- Participants who are consistently unable to meet their monthly savings goal will be terminated from the program.

Tax Refund Deposits and Other Large Deposits

If the Community Partner has built it into their Program, investors may deposit a portion of their tax refund in their matched savings account to be matched. Deposits of up to \$1,000 or one-half of the savings goal, whichever is less, will be matched. Please contact your Community Partner for more details.

The investor must inform their Community Partner of their plan to deposit the tax refund and should tell them the expected date and amount. Investors are required to provide a signed copy of their tax return or a copy of their refund check in order for the tax refund to be matched.

Investors will also be able to submit requests through their Community Partners to have other large deposits from earned income matched. In order to do so they will have to fill out the **Large Deposit Waiver Form**. These requests will be reviewed by the Executive Director of Midas and approved on a case by case basis. Deposits of up to \$1,000 or one-half of the savings goal, whichever is less, will be matched.

Tax refund and other large deposits cumulatively cannot be over the \$1,000 or one-half of savings goal, whichever is less.

Record Keeping

Investors must keep their own records of their matched account activity.

Bank Statements will be sent to Midas each month by the financial institution where the account is being held.

Monthly Match Savings Statements are created by Midas, reviewed by the Community Partner and forwarded to the investor on a monthly basis. These statements report what the investor has saved in their matched savings account (plus interest), what they have earned in match (plus interest) and their total savings. These statements should be reviewed.

Deposits Slips must be saved by the investor. Each time a deposit is made into the matched savings account, the deposit slip should be saved.

Household Savings

Two (2) members of a single household may open separate matched savings accounts. Only one (1) member must have earned income, but it must be enough to support the savings for BOTH investors' accounts.

Example: If there are two people in a household saving for an IDA and only one has an earned income of \$150 per month, their total IDA deposits cannot exceed \$150 for both accounts, in any given month.

Household is defined as any people living in the same dwelling unit that share a living and eating space, and who could reasonably consider themselves a household.

Training

There are two types of training required for the Matched Savings Program -- Financial Education and Asset Management.

Financial Education training focuses on building personal financial knowledge and may include topics such as personal budgeting, record keeping, balancing a checkbook, building and rebuilding credit, etc.

Midas has determined that Financial Education training offered by, or referred by, Community Partners should include, at a minimum, components on banking, saving, budgeting, credit and goal setting.

Asset Management training relates to the Investor's specific asset goal. Asset Management training could include the following:

Homeownership	Home buyer education classes Household maintenance Post-Purchase Training
Small business development	Marketing Business planning Financial reporting
Post-Secondary Education	How to fill out financial aid forms Career planning Choosing a college or job training program

The delivery of these types of training can vary widely and could include seminars, workshops, one-on-one counseling sessions, authorized self-study tutorials, professional meetings, etc.

Investors should work with their Community Partner to identify training opportunities.

Training Requirements

Prior to accessing matching funds, investors will be required to complete a minimum of **eight (8) hours of Financial Education** training and a minimum of **four (4) hours of Asset Management** training. Community Partners will require additional hours of training, so understand that the Community Partner requirements will supersede the program minimums, assuming they are equal to or greater than those minimums.

Community Partners are responsible for sending to Midas documentation of all training attended by an investor. Documentation can be a certificate, letter, or Training Verification form. Documentation should include a brief description of the training, the # of sessions, total hours, how many of those hours were Financial Education and how many of those hours were Asset Management. For trainings where the topic could be counted as Financial Education or Asset Management, discretion is left to the Community Partner to determine how the hours should be allocated.

Changing Asset Goals

An investor is allowed to change his/her asset goal one time during their participation in the program with the approval of the Community Partner and Midas. If an investor changes their asset goal, they must complete four (4) hours of asset management training for the NEW asset goal before being permitted to access match funds, regardless of whether or not they have completed training for their old asset goal.

Qualified Withdrawals

Qualified Assets

The Midas Collaborative is designed to help investors purchase assets and/or increase the value of assets they already hold. Investors may use their savings and match funds for the following expenses:

Homeownership

To purchase a primary residence - including a house, pre-fabricated house, condominium, manufactured home, or land on which a home will be built or manufactured home placed. In the case of a land purchase, an investor must have demonstrable plans and financing to place a home upon the land within six months of purchase date. The investor must be planning to live in the home and must be a first-time homebuyer. First-time homebuyer is someone who, upon purchasing a home, has not had ownership in another home for three-years prior.

Qualified costs are the costs of acquiring (purchasing) or constructing (building) a residence. The term includes any usual or reasonable settlement, financing, or closing costs. Qualified costs must be associated with a home that is under contract at the time the Loan Fund receives the request.

Small Business Development

To start a small business - expenditures for initial inventory, business equipment, marketing or other start-up costs are permissible provided all expenses are included in their approved business plan.

Develop an existing small business - expenses for business equipment, targeted marketing or advertising campaigns, or other planned business expansion efforts as clearly stated in their business plan. Under no circumstances should matched funds be used to delay the demise of a business that has no reasonable prospect for survival.

Matched funds can also be used for Working Capital; however, an investor must meet the following requirements before a qualified withdrawal for working capital is allowed. The investor must:

- Have a bank account in the name of the business
- Outline, in the business plan, what he/she will use the working capital for and, whether through the financials or narrative, how they will financially replenish the working capital account.
- Meet all other requirements for a qualified withdrawal.

Assets purchased for a business must be outlined in the business plan.

Post-Secondary Education

To pay tuition for a post-secondary educational program - tuition should be toward a degree or course of study that can be reasonably expected to improve an investor's prospects for employment and earning potential. A qualified post-secondary educational institution is herein defined as an institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 or an area vocational education school as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education

Act. Generally speaking, any educational institution that accepts federal student aid will be deemed “qualified” for purposes of the program.

To **cover expenses directly related to post-secondary tuition** - including school fees, books or school supplies. Personal computers may be considered school supplies provided that a student is enrolled in a qualified post-secondary education institution. Checks for supplies (including a computer) must be payable to a qualified post-secondary institution bookstore.

Savings Requirement for Qualified Withdrawal

Investors must save for a minimum of six (6) months before they will be authorized to access the match funds.

An investor must save according to their Savings Plan Agreement. Investors saving for homeownership must meet their savings goal before they will be authorized to access the match funds. Investors saving for small business or post-secondary education will be authorized to access their match funds once after they have met half of their savings goal (assuming it’s been at least six months) and again when they have met their full savings goal. Investors that choose to access their savings goal halfway through their savings must be prepared to present a plan a timeline for spending the rest of their funds.

Form of Payment

Qualified withdrawal requests will be paid by check and payable to the business or institution providing elements of the investor’s asset goals – “the vendor.” In no case will the match funds be issued directly to the investor. Qualified withdrawal checks will be issued in the exact amount of the purchase. For example, if the investor plans to purchase a computer, the check will be made out to the store where the computer will be purchased for the exact amount.

If for some reason there are excess funds from a qualified withdrawal – these funds should be returned to Midas and will be reallocated to the investor in the same fashion for which the original qualified withdrawal was done.

Request Procedure

IDA investors should request qualified withdrawals **at least one week** before the date match funds are needed. Although the withdrawal request procedure will vary to some extent based on the type of asset to be purchased with the funds, several phases are involved in all qualified withdrawal requests. **Investors should be working with their Community Partners throughout the entire asset-purchase process.** Following is the procedure for requesting funds:

- 1) **Confirm training requirement and savings goals are met.** Investors and Community Partners should make sure these requirements have been met. <Refer to above sections> Midas can assist in this process, if necessary.
- 2) **Verify that there are sufficient funds.** Investors and Community Partners can verify available funds by looking at the latest month’s Match Savings Statement. The top of the statement shows the total savings and match funds, in the account as of the end of the statement month.

- 3) Submit a **☒ Qualified Withdrawal Request Form**. Investors and Community Partners should complete and submit this form with the appropriate documentation, to Midas.
- (a) Documentation should include any appropriate invoices, bills (tuition or otherwise), agreements (such as P&S on a home) or other paperwork needed to help document the qualified withdrawal purchase.
 - (b) For homeownership, a copy of the final HUD-1 Settlement Statement will be required by Midas to verify the appropriation of funds at closing.
 - (c) In case of a final qualified withdrawal a **☒ Post-Program Questionnaire** must be included with the qualified withdrawal request form.

- 4) **For Homeownership**, the following contingency (or something similar) should be used for all contracts involving match funds:

It is understood and agreed by both the buyer and seller that all match funds paid out by Midas being utilized for the good faith deposit at the Offer to Purchase Real Estate and/or down payment funds provided at the signing of the Purchase and Sale Agreement shall be returned directly to Midas at 20 Linden Street, Suite 288; Allston, MA 02134, should either the Offer to Purchase Real Estate and/or the Purchase and Sale Agreement become null and void.

- 5) **For post-secondary education**, all checks must be made payable to a qualified post-secondary education institution or a qualified post-secondary education institution bookstore.

Post-secondary education savers will also have to complete an Education Plan which must address the following areas:

- Timeline for selection of a school and the application process (if already accepted or attending school, this section is not necessary)
- Financial Plan. This is a sources and uses where each investor should show what the costs of schooling (uses) and the income they are going to use to cover these expenses (sources). This section should also include an explicit description of how IDA funds will be used (including amounts and uses).
- Career Planning. This section should include what the demand will be for workers in the investors prospective field, other jobs the investors degree will qualify him/her to do (include description and salary range), and what the earnings potential is in the investors field.

Your Community Partner can help you more with specifics on the Education Plan.

- 6) **For small business development**, before investors can make Qualified Withdrawals from their matched savings account, they must complete an approved business plan. Business Plans will be approved by a Midas approved business training or counseling program staff person.

The business plan consists of:

- Cover Sheet
- Business Profile
- Marketing Plan
- Projected 12-Month Cash Flow
- Projected 12-Month Income Statement
- Balance Sheet (Current)

The business plan must also include anything that the investor intends to purchase with their match funds. Questions about the business plan should be directed to the Community Partner.

- 6) **For Returned Funds.** Any funds not used by the Investor for his/her qualified asset purchase should be returned to Midas in the form of a check, payable to The Midas Collaborative. Midas will be responsible for re-depositing the funds back into the investor's account and the match accounts proportionately in the same way with which they were withdrawn.

For example, if an investor puts a deposit on a home for \$500, the withdrawal will use \$125 of the investor savings and \$375 in match funds. If the home falls through and the deposit is not used, the money will be returned to the respective accounts in this same manner.

Emergency Withdrawals

Investors in The Midas Collaborative should be hesitant taking emergency withdrawals from their accounts. In the event that a financial emergency arises, investors are encouraged to discuss their situation, and potential alternatives, with their Community Partner to try to identify solutions to a financial problem. Some examples of other assistance are: fuel assistance from the local Community Action agency, rental assistance, etc. Community Partners will each have a better understanding about what resources are available in their respective communities.

Eligibility

In order to be eligible for an emergency withdrawal, investors must have been saving in the IDA Program for at least six (6) months.

Withdrawal Uses and Amounts

Emergency withdrawals will only be approved when, in the judgment of Community Partner staff, the funds are necessary:

- To prevent or forestall the eviction of a investor or a investor's family from their residence;
- To prevent foreclosure on a investor's primary residence;
- To pay for medical care for a investor or a investor's spouse or dependent; and/or,
- To pay for necessary living expenses, such as food supplies or heating expenses, following an investor's loss of employment.

Approved emergency withdrawals may be made in **any amount up to what the investor has deposited into his/her match account**. Under no circumstances will withdrawals include matching funds.

Investors who make emergency withdrawals **will forfeit any match money earned** on the withdrawn funds. These match monies may be earned again if an investor makes future deposits; however, any future matches will accrue under the terms of the match structure in place at the time of deposit.

Request Procedure

1. If no other financial alternatives are available, investor should complete and submit an  **Emergency Withdrawal Request Form** to the Community Partner.
2. The Community Partner reviews and approves the request and submits it to Midas for processing.
3. Midas will facilitate the withdrawal of funds and a check will be issued to the investor.

The investor should work with their Community Partner to develop a revised savings plan that will allow withdrawn amounts to be re-deposited within a reasonable timeframe

Leave of Absence (LOA)

Investors may be faced with situations that make regular savings impossible for a limited period of time. A leave of absence is designed to give investors the ability to weather short-term financial crises, regain their financial footing and ability to save, and remain a part of the program.

As a part of the leave process, Community Partner staff will work with investors to create a strategy to respond to the financial crisis that created the need for the leave request. A leave of absence is not appropriate for investors who are experiencing ongoing financial crisis and are not able to work on a plan for making regular savings deposits in the near future.

Eligibility

- Investors who have undergone an extreme circumstance (i.e. job loss, death of a family member, etc) that will render them unable to save for a period of time.
- Investors who have demonstrated a commitment to the program by staying in contact with their Community Partner and developing a plan to work toward regular saving.

All leave requests will be approved or denied at the discretion of the Community Partner.

Procedure

- Investors must talk with their Community Partner to determine if there are options other than a LOA.

As time passes in the Program, it will be more difficult for investors to take a LOA and save the amount needed to purchase their asset.

- If no other options are feasible, investors will work with the Community Partner to complete a **Leave of Absence Request Form**.
- Investors must work with their Community Partner to discuss how an LOA will affect savings and training, create a plan for a return to regular savings and training, and to discuss requirements for program re-entry.
- Investors on leave must remain in monthly contact with Community Partner staff to keep them apprised of their status.
- Approximately four weeks before a leave's scheduled end date, the investor on leave should meet with the Community Partner to review his or her potential for reentry into the program.
- Investors who do not qualify for reentry by the end date of their leave will be notified by the Community Partner and will terminate from the Program.

Status While on Leave

Investors who are on leave will not accumulate match funds. However, investors who are on a leave keep their account open are expected to attend on-going peer support and must still get the required Financial Education and Asset Management training.

Duration

Investors have four months of "Leave" time that they can access during their time in the Program. A minimum of two months must be used per Leave of Absence, therefore, no more than two Leaves of Absence will be allowed per investor. A leave of absence may be for as little as two calendar months and as long as four calendar months.

Program Withdrawal or Termination

If an investor is being terminated from the program, the Community Partner should make sure the reason is very clear, the investor is aware of the circumstances and assist him/her in completing the **Program Withdrawal/Termination Request Form**. The same form needs to be filled out by the investor if she/he decides to withdraw from the program voluntarily.

- For investors with accounts open, a check will be cut for the balance of their account (not including any match funds) and mailed to the investor within ten (10) business days (2 weeks) of receiving the form.

Midas will exit investors and close all accounts accordingly.

If a Community Partner is unable to reach an investor that is selected for termination within a three (3) month period with at least three phone calls and at least one letter, and that investor has less than \$25 in their account Midas reserves the right to issue and send the check to the investor at the last known address.

Change of Asset Goal

Investors are allowed to change their asset goal once after enrollment in the program. This change may also require a change in the Community Partner working with the investor. If an investor is interested in changing their asset goal, the following procedures should be followed:

- Fill out the **Amendment to Change Asset Goal Form** and submit a signed copy to the Community Partner for approval.
- The Community Partner will approve the Request and forward it on to Midas for approval.
- If a change of Community Partner is required, Midas will facilitate communication and file transfer as necessary.

Investors must complete at least four hours of Asset Management training for their new asset goal in order to be eligible for a qualified withdrawal.

Change of Personal Information on File

Name Change

Investors must notify Midas of a name change and attach the legal documentation that verifies the name change.

Change of Contact Information

Community Partners may notify Midas either in writing or by email of a change of phone, address, email or other contact information for investors.

Grievance Procedure

Midas recognizes that disagreement may occur between an investor and Community Partner about decisions in the program. In the event that an investor would like to appeal a decision made by the Community Partner, he/she has the right to file a grievance. The grievance process will go as follows:

- 1) The Investor should submit a grievance to Midas, in writing, to the address below. The grievance should include the following:
 - a) A detailed explanation of the disagreement. What was the issue that was not resolved? What were the reasons provided to the investor? What is the investor's justification for his/her request?
 - b) What outcome is the investor looking to get from the grievance process?
 - c) Investor contact information. This should include current address, current phone number(s), times that are good to call and an email address (only if investor checks the email regularly).
- 2) Midas will review the grievance and contact the investor and/or Community Partner to collect further information. After information gathering, Midas will make a determination on the status of the grievance and respond, in writing, to the investor within two weeks of receiving the grievance. The Community Partner will be copied on the letter.

In the event that an investor wishes to file a grievance, the Community Partner should provide him/her with a copy of this page so that they can follow the appropriate steps.

Please mail all grievances to the following address:

**The Midas Collaborative
20 Linden Street, Suite 288
Allston, MA 02134
Attn: Program Manager**