



# Montana State University (MSU) MESA Program

Questions Frequently Asked by 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 State University (MSU) MESA Program is dedicated to helping participants save for post-secondary education at MSU.**

## What is a “savings match?”

A “savings match” is a promise to supplement an MESA or IDA participant’s savings deposit at a specific rate. The MSU MESA Program will offer a 3:1 savings match, meaning that for every dollar a participant saves as part of the program, he or she will be eligible to receive another three. 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 \$1,500. ***So to take full advantage of the program, participants should save \$500 which will allow for \$1,500 match at the end of the program.***

## Where are savings deposited?

Usually savings are deposited in local community credit unions or banks. **In the MSU MESA Program deposits will be made in one of our partner credit unions located in Bozeman.** 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 Montana Credit Unions for Community Development Program Manager. 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.

## Which credit unions are participating?

There are two credit unions in Bozeman participating in the MESA program. These credit unions are: Rocky Mountain Credit Union and Sky Federal Credit Union.

## Is there more to an IDA 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. 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 MSU 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 MSU.

200 % OF THE FEDERAL POVERTY GUIDELINES (Required for MESA participation)	
Persons in Family or Household	Income Equal to or Less Than
1	\$23,540
2	\$31,860
3	\$40,180
4	\$48,500
5	\$56,820
6	\$65,140
7	\$73,460
8	\$81,780
For each additional person, add	\$8,320

EITC Income Requirements <i>Earned Income and adjusted gross income (AGI) must each be less than:</i>		
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 or more children	\$46,950	\$52,427

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

Source: *Federal Register* /January 22, 2015

## What is required of MESA participants?

MSU 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

## 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 MSU where the participant is enrolled as a student.

## What asset purchases are allowed under the MESA Program?

The purpose of 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 MSU. **Matched funding may not be used to pay towards student loans or housing.**

## How is the asset purchased?

When the participant is ready to use their MESA savings and match, they must fill out a Qualified Withdrawal Request form and have this approved by Montana Credit Unions for Community Development. If 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.**

## Is the MSU 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 MSU 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 AFI 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 affect 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.

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MSU MESA is a project of Montana State University, MSU Gallatin College, Big Sky Youth Empowerment Program, Student Assistance Foundation, Bozeman area credit unions, Montana Credit Unions for Community Development, and US Department of Health and Human Services through the Assets for Independence program.