



# Lessons Learned from Matched Savings Programs

A NEIGHBORWORKS BRIEF

## MATCHED SAVINGS AND NEIGHBORWORKS AMERICA

First proposed in the 1990s as an asset-building strategy, matched savings programs provide financial incentives for people to save for specific goals. Studies show that participants in matched savings programs experience positive outcomes related to savings accumulation and goal attainment. Recent research demonstrates the benefits of relatively small amounts of savings. Families with savings of \$250-\$750 are less likely to be evicted, miss a payment, or receive public benefits.<sup>1</sup> Yet, income volatility is on the rise,<sup>2</sup> and 40 percent of adults said if faced with an unexpected \$400 expense, they lack the savings or disposable income to cover such an expense without selling something, borrowing money, or missing another payment.<sup>3</sup>

Savings are integral to financial and housing stability. Families without savings are at risk for eviction or mortgage foreclosure with just one unplanned expense, such as a medical bill or car repair. Aspiring homeowners need savings for a down payment and closing costs. Homeowners need savings for home maintenance and repairs. As illustrated above and coined by Prosperity Now, families need access to savings now (as an emergency fund), soon (for goals such as homeownership), and later (for retirement or a child's higher education). Encouraging and incentivizing immediate savings can serve as an important stepping stone to longer-term financial asset goals.

Despite positive findings and a strong need for small dollar savings, federal Assets for Independence (AFI) funding for matched savings programs ended in 2016. In response to the lack of federal funding and based on previous success, NeighborWorks America began experimenting with and supporting matched savings pilot programs within its network of local NeighborWorks organizations providing homeownership, rental, and financial capability services across the country in 2016. NeighborWorks America wanted to learn what impact incentives would have on customers' financial behaviors and outcomes and what it takes to run a successful matched savings program.

With over 35 years of experience building capacity, supplementing funding, and amplifying the reach of grassroots organizations, NeighborWorks America is uniquely positioned to design, administer, and evaluate pilot matched savings programs that complement the services already

NeighborWorks America defines financial capability as a pathway of knowledge, skills, and access to resources (such as matched savings programs) to achieve financial well-being. NeighborWorks organizations take a multi-faceted approach that includes education, counseling, coaching, and access to financial products and services. This combined approach encourages long-term shifts in attitudes and behaviors, raises awareness about financial resources, and helps people make healthy financial decisions to reach their goals.

offered by NeighborWorks organizations. NeighborWorks America's dual role as a network intermediary and industry leader allows our organization to zoom in on program details and zoom out for lessons learned. This brief distills insights for matched savings program design, based on experiences and program results, so that NeighborWorks organizations and other nonprofits can apply these learnings in their own programs.

## **Matched Savings Pilot Programs**

NeighborWorks America supported two broad approaches for matched savings programs, implemented by participating NeighborWorks organizations: a standardized matched savings program pilot, using a national online platform and a pilot of locally-designed matched savings programs. The target audiences for the pilots included residents of affordable housing, potential homebuyers, and existing homeowners.

### **STANDARDIZED MATCHED SAVINGS PROGRAM PILOT**

As part of the Financial Capability for Rental Housing Stability pilot, NeighborWorks America developed an optional online matched savings program in partnership with the nonprofit EARN and funded by JPMorgan Chase. The Emergency Matched Savings Program targeted families in rental housing, encouraging them to develop a habit of savings, build emergency savings funds, and participate in financial capability services to weather financial crises and avoid evictions.

For this pilot, NeighborWorks America tested a single matched savings program model with participating organizations to ensure program consistency and achieve administrative economies of scale. NeighborWorks America worked with EARN, which had developed SaverLife, a successful technology platform to incentivize savings. EARN customized the program's reporting features and added local financial institutions to the platform to accommodate our program needs. The full suite of services in the Emergency Matched Savings Program included financial coaching, savings matches, timely nudges, and tips from EARN to help residents establish saving habits.

Seventeen NeighborWorks organizations participated in the program (phase I) in 2016. The program offered residents a 2:1 match, up to \$25 saved per month to incentivize saving for emergencies. Residents could earn up to \$300 in rewards for saving \$150 of their own funds, for a total of \$450 over a six-month period. Eleven of the NeighborWorks organizations participating in the original pilot elected to participate in a second round (phase II) in 2018.<sup>4</sup> The program design was identical for both phases, although some NeighborWorks organizations adjusted their implementation for phase II for greater success.

### **PILOT OF LOCALLY-DESIGNED MATCHED SAVINGS PROGRAM**

Also in 2018, NeighborWorks America invested in a range of financial capability programs administered by NeighborWorks organizations, including locally-designed matched savings programs at seven sites. The majority of the matched savings programs are designed to improve the financial well-being of potential homebuyers—in general or in specific areas such as savings, credit, or debt—to more readily qualify for homeownership. In 2019, NeighborWorks added a matched savings program for two organizations in the JPMorgan Chase-funded Learning Lab project. These programs offer matched savings, along with financial education and coaching to help homeowners increase their housing and financial stability.

In these pilots, local NeighborWorks organizations designed programs to fit their target audiences. The matched savings programs range from six to 12 months in length, and the match rate ranges from 1:1 to 2:1. Total savings range from \$300 to \$2,500 per family, depending on the program.

## The Results

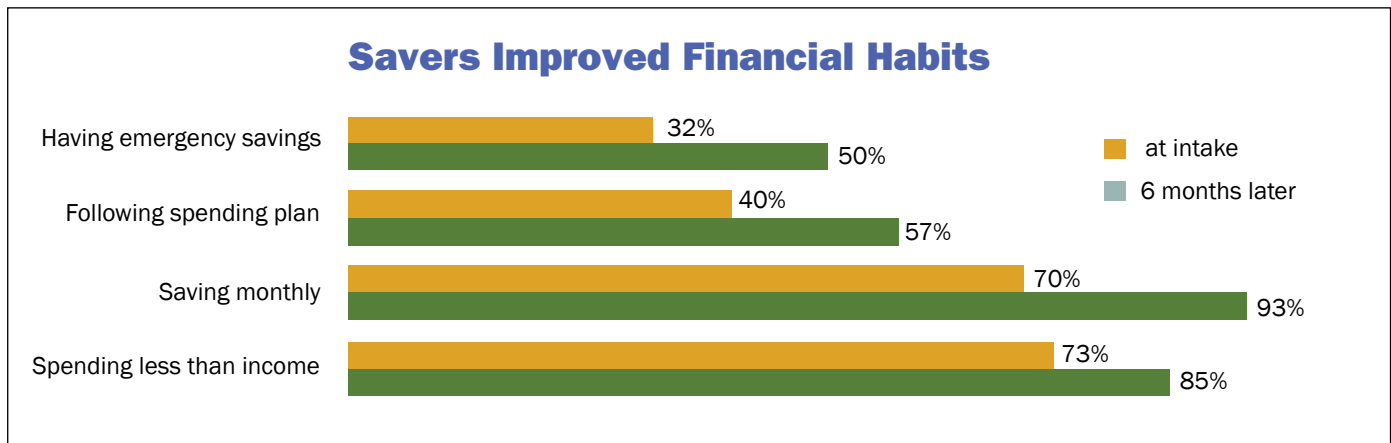
Results show that matched savings programs deliver benefits:

- ▶ Low-income households started building savings for emergencies and other purposes and developed a habit of savings;
- ▶ Matched savings programs proved to be a meaningful incentive to engage customers in other program and services (e.g., financial coaching); and
- ▶ NeighborWorks America and NeighborWorks organizations used pilot results to refine thinking about matched savings program design.

### EMERGENCY MATCHED SAVINGS PROGRAM (EARN) RESULTS

Over the course of the Emergency Matched Savings Program pilot, 254 savers made 3,500 deposits, totaling over \$329,000, and claimed \$31,000 in rewards. The incentive helped residents develop saving habits – typical deposits of \$50 or less. They deposited funds into their accounts an average of 14 times during the six-months savings period.<sup>5</sup> Although there was the intention to save, some residents living paycheck to paycheck or experiencing volatile income situations, frequently withdrew funds from their accounts to cover living and emergency expenses; these residents missed out on the accumulation of savings and the reward of the match.

Graduates from the program not only built their emergency savings fund, but also improved other financial behaviors:<sup>6</sup>



### EMERGENCY MATCHED SAVINGS PROGRAM (EARN) RESULTS – PHASE II

At six months, program participants saved an average of \$400, and at 12 months, they saved an average of \$800. As of March 2019, program participants saved \$201,000 and earned \$71,000 in rewards. Over 60 percent have increased their savings balance, and 12 percent reported that they were able to save more each month as a result of the program.<sup>7</sup>

## RESULTS FROM LOCALLY DESIGNED MATCHED SAVINGS PROGRAM

Over 200 families participated in the locally-designed matched savings programs, which resulted in increased savings, reduced debt, improved credit scores, decreased stress, and increased confidence, depending on the program. In many programs, the savings enabled participants to reach other financial goals, such as homeownership or a car purchase.<sup>8</sup>

Examples of specific program results include:

- ▶ **TRIP** in Troy, NY, developed an emergency matched savings program of \$25 to \$50 per month with a 1:1 match for six months. Thirty-four participants graduated from the first round. As a result of the program, they increased savings, improved credit scores, and reported decreased stress levels.
- ▶ **Neighborhood Housing Services (NHS) of Baltimore** targeted homebuyers with low credit scores and low savings. Its matched savings program provided a 1:1 match for \$300 to \$1,250 saved over six to 12 months. To date, 20 participants have saved \$1,250, and 85 percent became homeowners. The remaining 15 percent continue to work toward homeownership while improving their credit score, increasing savings, and reducing debt.
- ▶ **NeighborWorks Waco** created a program that combined matched savings with a credit-builder loan. The program, called Project SAVER, was designed to help potential homebuyers build credit while increasing savings. Participants borrowed \$300 and repaid the loan in installments over nine months. The initial loan and each payment went into a locked account at the bank. Loan payments were reported to the three major credit reporting agencies. Assuming the loan was repaid in full, savers could keep both the initial \$300 deposited in the account and the \$300 they paid in installments over the loan term (a 1:1 match rate), giving them \$600 for down payment or closing costs. In the first round, 27 people graduated from the program with credit score increases of 30 to 100 points. Two participants have purchased homes, and another participant is having her own home built.

## What we learned

After supporting multiple pilots, we have identified eight general lessons for operating any type of matched savings program:



### **Adding matched savings to an established program leverages**

**success.** Before launching a matched savings program, it is helpful to take stock of existing programs and services and consider where such a program would add to the work already being done. NeighborWorks organizations with successful matched savings programs leveraged a variety of established ser-

vices. For example, NHS of Baltimore tied its matched savings program to its Homebuyer Club, a peer-support homebuyer education model. Community HousingWorks offered the Emergency Matched Savings Program to participants of its Financial Health Club, a six-month financial education and coaching program. Other NeighborWorks organizations that participated in the Emergency Matched Savings Program pilot offered the program along with other resident services to their multifamily housing residents.



**Striking a balance between administrative burden and high-quality service delivery is key.** Technology can create efficiencies for participants and organizations, but only if it meets participants where they are. In the absence of technology solutions, organizations can look for other ways to save time and effort without sacrificing quality. For instance, TRIP initially required

bi-monthly tracking from participants' bank statements, but discovered that it was too administratively burdensome. To reward the match, TRIP now just tracks at the end of the six-month savings period. When available, frequent management reports and real-time dashboards for participants and coaches can enhance program success.

The Emergency Matched Savings Program reduced the administrative burden on individual NWOs by leveraging consistent network practices and technology. EARN was able to design a monthly report to help organizations track individual customer progress and monitor each NWO's progress because the design of the program was consistent at all 16 organizations.

Whether participating in the Emergency Matched Savings Program pilot or administering a locally-designed program, organizations are always thinking about enhancements to increase effectiveness and efficiency. Administrative considerations include:

- ▶ Limited account options
- ▶ Clear, simple program parameters
- ▶ Extended term to claim rewards
- ▶ Texting option for communications
- ▶ Non-technology solutions for non-tech savvy savers
- ▶ Group onboarding
- ▶ Tracking participant progress through bank statements or online access



**Financial coaching is needed as a bundled service with matched savings.** A matched savings product is an important vehicle to facilitate saving behavior, and human support is equally as important to encourage that behavior. It takes effort and intention to build trust and set clear expectations for program participants upfront and over time. The intimate and client-centered relationship of coaching builds trust with customers and keeps them motivated

during the savings period. For example, coaching sessions at NeighborWorks Waco reinforced positive financial behaviors about making payments on time and finding ways to save. At NHS of Baltimore, the coaching sessions encouraged deeper and more personal conversations to support savings behaviors.

Coaching also helps customers adopt new technology to help them save. In Chelsea, Massachusetts, The Neighborhood Developers coaches helped participants open email and on-line savings accounts and supported them to access the EARN matched savings technology platform. Time invested in these activities led to deeper connections between staff and participants that endured beyond the savings program. Foundation Communities in Austin, TX found that savers in the Emergency Matched Savings Program participated in more coaching sessions than in the stand-alone coaching population, and savers who met with coaches saved more.



**Participants are motivated to save.** For the most part, when participants joined a matched savings program, they graduated with increased savings. Data from the Emergency Matched Savings Program show that participants made an average of 14 deposits into savings accounts during the six-month period. Among NeighborWorks organizations participating in the Emergency Matched Savings Program interviewed in 2018, there was general consensus that the program created lasting behavior change that helped increase customers' initial motivation to save.<sup>9</sup>

Those who did not complete a matched savings program generally experienced extenuating circumstances during the savings period, causing withdrawal of funds or participation in the program. At Community HousingWorks in San Diego, 22 percent of participants who enrolled in the program and were motivated to save worked on budgets with a coach and realized that saving was an unrealistic goal because their expenses exceeded their incomes. Another 10 Community HousingWorks participants took advantage of flexible withdrawal rules to use their savings to address emergencies instead of resorting to a payday loan or credit card.



**The target audience informs program design.** Matched savings program design must reflect the target audience's specific concerns and financial situations to capture their attention and motivate them to save. NeighborWorks Waco's Project SAVER targeted potential homebuyers whose barriers were both low savings (<\$500) and low credit scores due to thin credit files and high student loan debt. They designed Project SAVER (described above) with a credit building element to address both issues. In addition, they spread the loan repayment/savings component over nine months to keep monthly payments affordable for the target customers and allow enough time for credit rebuilding.

Through the Emergency Matched Savings (EARN) pilot, NeighborWorks America learned that the online program model was a mismatch for some affordable housing residents, such as those who lacked computer access, online banking experience, email addresses, and/or English proficiency. Although many participating organizations worked through these challenges and had successful outcomes, several withdrew from the program.



**Building strong and sustainable relationships with financial institutions is a worthwhile investment.** Finding appropriate accounts for the matched savings program is an important part of the design process. Developing a strong relationship with a local financial institution offers a number of benefits, such as access to account activity for tracking purposes, special account features for rates and fees, and extra support for program success. NeighborWorks Waco's local bank partner for the credit-builder/matched savings program (described above), First National of Central Texas, developed a strong connection to the program and participating savers and is funding a second round of the program. Bank staff called customers who fell behind on their "loan" payments to keep them engaged in the program. To build partnerships, programs must connect with the right decision-makers and their motivations; sustainability requires continuous program improvement by seeking and offering ongoing feedback.





**Integrating matched savings with long-term strategies enhances the likelihood of success.** A matched savings program can help foster long term financial planning when linked to longer-term financial and housing stability and asset-building goals. For example, a savings incentive linked to eviction prevention reinforces budgeting for on-time rent payment and housing stability. Commu-

nity HousingWorks offered graduates of their eviction prevention program the chance to join their Financial Health Club (a coaching and financial education series) and sign up for the Emergency Matched Savings program. Nearly all program participants either saved or created new spending plans that helped them pay rent and other necessary expenses. NeighborWorks Waco’s program combining a matched savings incentive and credit builder loan increases savings and credit scores, helps participants develop the habit of making payments on time, and build relationships with local financial institutions. TRIP introduced an emergency matched savings program as a stepping stone to help participants achieve longer-term financial asset goals.



**A savings incentive impacts engagement.** Recruitment and retention are issues for many financial capability programs. Many of the NeighborWorks organizations that offered matched savings reported that the savings incentive was an excellent hook to attract new customers.<sup>10</sup> Once in the program, participants generally saved more, achieved goals quicker, and engaged in more coaching

than other customers. According to NeighborWorks organizations who were interviewed in 2019, such as the NHS of Baltimore and Community HousingWorks, the program generally strengthened relationships with customers, especially through the combination of matched savings and financial coaching. For Champlain Housing Trust, the matched savings program’s group experience via events and webinars is what it believes is strengthening relationships with customers.

## What It Takes To Design and Deliver a Successful Program

Administrators of matched savings programs have to navigate a number of key design decisions. Administrators must develop a blueprint of how the program will work across key elements related to customer engagement and retention; program structure; and program administration as detailed below:

### Key Design Elements of Matched Savings Programs

Primary program drivers	<ul style="list-style-type: none"> <li>▶ Target audience</li> <li>▶ Program need</li> <li>▶ Service integration</li> <li>▶ Funding source</li> </ul>
Customer engagement and retention	<ul style="list-style-type: none"> <li>▶ Recruitment period</li> <li>▶ Eligibility and participation requirements</li> <li>▶ Communication with savers</li> </ul>
Program structure	<ul style="list-style-type: none"> <li>▶ Match rate and maximum match</li> <li>▶ Savings period</li> <li>▶ Account details</li> <li>▶ Withdrawal rules</li> <li>▶ Rewards process</li> </ul>
Program administration	<ul style="list-style-type: none"> <li>▶ Technology</li> <li>▶ Administrative structure</li> </ul>

See the attached matrix of key design decisions that need to be considered for a matched savings program. The matrix includes key questions and considerations for each design element to help an organization make choices. It also includes examples of choices made for the various design elements.

## Endnotes

- 1 Signe-Mary McKernan et al. (2016). Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities Brief. The Urban Institute. <https://www.urban.org/research/publication/thriving-residents-thriving-cities-family-financial-security-matters-cities>.
- 2 Farrell, D. & Greig F. (2015). Weathering Volatility. JPMorgan Chase & Co. Institute. <https://www.jpmorganchase.com/corporate/institute/infographic-weathering-volatility.htm>.
- 3 Board of Governors of the Federal Reserve System. (2018). Report on the Economic Well-Being of U.S. Households in 2017. <https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf>.
- 4 NeighborWorks America. (2018). The NeighborWorks America/EARN Matched Savings Pilot draft internal report.
- 5 Ibid.
- 6 Ibid.
- 7 NeighborWorks America. (2019). Matched Savings – Promising Practices. NeighborWorks America Network Webinar.
- 8 NeighborWorks America. (2018). Supplemental Funding Final Check-ins.
- 9 Ibid.
- 10 Ibid and interviews with locally-designed matched savings programs. (2019).

### To learn more about matched savings programs, please contact:

**Molly Barackman-Eder, Program Manager, Financial Capability, NeighborWorks America**  
[Mbarackman-eder@nw.org](mailto:Mbarackman-eder@nw.org)

The mission of NeighborWorks America, a national nonprofit, is to enable every community to be a place of opportunity for its residents. Since its founding in 1978, NeighborWorks America, along with its network of nearly 250 community development organizations, has created opportunities across the country for over four million people to live in affordable homes, improve their lives, and strengthen their communities. Services delivered by NeighborWorks organizations include below-market rate houses and apartments, guidance for home purchase, foreclosure intervention, and financial coaching that builds financial health. In turn, NeighborWorks America provides a powerful support structure to its network to successfully carry out the work and amplify the reach by building technical skills through training, technical assistance, leadership development, organizational assessments, and practical tools, and supplementing financial resources through operating grants and capital investments.



## Matrix of Key Design Decisions for a Matched Savings Program

Key Design Element/Decision	Key Questions	Considerations	Example of Choices Made
<b>Primary Program Drivers</b>			
<b>Target audience</b>	<ul style="list-style-type: none"> <li>▶ Which existing customers (e.g., participants in a homebuyer education program) might benefit from matched savings? Why?</li> <li>▶ What new target audience could we attract with a matched savings program?</li> <li>▶ What makes the audience interested in saving?</li> </ul>	<ul style="list-style-type: none"> <li>▶ Who will be served informs program design.</li> <li>▶ Working with existing customers who you already know and are connected to means you will have to be intentional about transitioning them to this new approach.</li> <li>▶ Attracting new customers requires identifying effective outreach strategies and research about their needs and motivations to save.</li> </ul>	Champlain Housing Trust in Vermont created a matched savings program for shared equity homeowners to reconnect them to the organization and bring them in as “new” customers for financial coaching and matched savings as protection for the homeowners and Champlain Housing Trust’s shared equity in the homes.
<b>Program need</b>	<ul style="list-style-type: none"> <li>▶ From the target audience’s perspective, why are they motivated to save?</li> <li>▶ What are their financial goals and needs?</li> </ul>	<ul style="list-style-type: none"> <li>▶ Getting clear on the “why” for the program is crucial.</li> <li>▶ A matched savings program must directly tie to the target audience’s financial needs and goals, as informed by research.</li> </ul>	In response to the difficulty that some potential homebuyers were having qualifying for a mortgage loan due to low savings and credit score, NeighborWorks Waco designed Project SAVER to address these barriers and help more customers buy homes.
<b>Service integration</b>	<ul style="list-style-type: none"> <li>▶ For which existing programs could a matched savings program leverage success? How?</li> <li>▶ What are our organization’s pain points that could be impacted by offering a matched savings program? (e.g., increased enrollment or retention and/or more qualified homebuyers)?</li> </ul>	<ul style="list-style-type: none"> <li>▶ Identifying opportunities to integrate matched savings with existing programs can be an efficient and effective strategy to launch a new matched savings program.</li> <li>▶ Matched savings programs connected to well-aligned programs (e.g., financial capability or homeownership) can strengthen outcomes for both programs.</li> <li>▶ To ensure that a matched savings program will be effective, an organization must understand how a matched savings program could resolve pain points related to service delivery.</li> </ul>	Community HousingWorks in San Diego linked the Emergency Matched Savings Program and their Financial Health Club (a financial education and coaching series) to its eviction prevention program, and nearly all program participants saved or created spending plans that helped them pay rent and other necessary expenses on time.

Key Design Element/Decision	Key Questions	Considerations	Example of Choices Made
Funding source	<ul style="list-style-type: none"> <li>▶ Who is funding the match and/or the program?</li> <li>▶ What are each funder's goals?</li> <li>▶ What role will funders have in the program?</li> <li>▶ What are the funding restrictions?</li> <li>▶ Will funder requirements shape the program in ways that are incompatible with what the target audience needs to succeed?</li> </ul>	<ul style="list-style-type: none"> <li>▶ Funding sources may shape the program design (e.g. the match rate, number of participants, duration of the program, target audience).</li> </ul>	<p>NeighborWorks America funded an Emergency Matched Savings Program pilot for 17 NeighborWorks organizations. For administrative ease and cost savings at this scale, they tested a uniform matched savings program model. The tradeoff for this was that local financial institution options were not always options for savers.</p>
<b>Customer Engagement and Retention</b>			
Recruitment period	<ul style="list-style-type: none"> <li>▶ What is our capacity for recruitment? Is it possible to recruit our target number of participants in a fixed time period?</li> <li>▶ Do we prefer a cohort model over a specific time period or ongoing program recruitment model?</li> <li>▶ Will we link matched savings to an existing program with a beginning and an end?</li> </ul>	<ul style="list-style-type: none"> <li>▶ The recruitment period decision is influenced by the program model, staff capacity, and funding requirements.</li> <li>▶ A specific time period for recruitment requires concentrated periods of effort and offers the opportunity for peer learning.</li> <li>▶ Ongoing recruitment spreads effort out over time, but can make it difficult to align with other program parameters or include peer support.</li> </ul>	<p>TRIP in Troy, NY, recruits for its emergency matched savings until slots fill up, primarily through homeownership orientation sessions.</p>
Eligibility and participation requirements	<ul style="list-style-type: none"> <li>▶ Who is eligible to participate in the program?</li> <li>▶ Will we have an application or enrollment process?</li> <li>▶ What other services are required for participants? For example:               <ul style="list-style-type: none"> <li>● Program or service (coaching, financial education)</li> <li>● Baseline survey at entry and exit</li> <li>● Screening (credit report, spending plan)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ While it might be easier to recruit and enroll participants into the programs without eligibility or participation requirements, it is possible that some of those participants will not succeed in the program.</li> <li>▶ There is a greater administrative burden to establish and enforce participation requirements, but those requirements help ensure that participants are suitable for and successful in the program.</li> </ul>	<p>TRIP in Troy, NY, requires that matched savings program participants complete two financial education classes and a coaching session before entry to establish a relationship and ensure eligibility.</p>

Key Design Element/Decision	Key Questions	Considerations	Example of Choices Made
<p><b>Communication with savers</b></p>	<ul style="list-style-type: none"> <li>▶ How will we build trust and establish clear expectations with savers?</li> <li>▶ Will savers sign a participating agreement spelling out the program benefits, responsibilities, rules, etc.?</li> <li>▶ What communication method is best for the target audience?</li> <li>▶ Will savers need to document their progress (e.g., provide savings statements? Will this be in person, by mail, or via internet?</li> <li>▶ How will savers get confirmation from us about where they stand with the program? For example:               <ul style="list-style-type: none"> <li>● Regular emails or texts</li> <li>● Updates at coaching sessions</li> <li>● Peer sessions</li> </ul> </li> <li>▶ How will we troubleshoot with savers who need help?</li> </ul>	<ul style="list-style-type: none"> <li>▶ Setting clear expectations about rules, responsibilities, and processes is essential at the start of the program.</li> <li>▶ Regular communication using methods that are accessible to savers and meets them where they are supports their success.</li> <li>▶ Emails and texts are low-costs ways to do periodic check-ins with savers.</li> <li>▶ While labor-intensive, financial coaching sessions can provide a way to keep in touch with savers to measure their progress, solve problems, and sustain motivation – strengthening the relationship with customers and helping ensure programmatic success.</li> <li>▶ Reviewing bank statements monthly allows organizations to regularly monitor savers’ progress, but this requires significant time and effort. The administrative burden could be further reduced by reviewing statements at the end of the program, though this leaves organizations unable to track progress or troubleshoot along the way.</li> </ul>	<p>Champlain Housing Trust in Vermont includes multi-modal communication via 1:1 coaching sessions, peer groups, and monthly texts. As a joint (custodial) owner of savers’ accounts, CHT has access to account statements and reviews progress every two months. In coaching sessions, participants are acknowledged for their progress or asked about challenges when savings are lagging behind.</p>

Key Design Element/Decision	Key Questions	Considerations	Example of Choices Made
<b>Program Structure</b>			
<b>Match rate and maximum match</b>	<ul style="list-style-type: none"> <li>▶ How many customers do we want/need to serve?</li> <li>▶ What would be a meaningful incentive to the target audience?</li> <li>▶ What is a realistic savings goal for the target group?</li> <li>▶ What will be the minimum deposit requirement to get the match? Over what time period – monthly or by a certain number of months?</li> <li>▶ Will participants get a bonus for exceeding the program goal?</li> </ul>	<ul style="list-style-type: none"> <li>▶ The match rate is the incentive or reward rate to the saver for a specific amount saved and is usually at a rate of 1:1 or 2:1. The maximum match is the most rewards possible per month or at the end of the savings period.</li> <li>▶ The match can be simple, with one rate up to specific amount, or the match can be variable based on minimum and maximum amounts saved.</li> <li>▶ A variable match can meet different customer needs and/or encourage customers to save beyond the minimum; however, they can be difficult to administer.</li> <li>▶ Setting a maximum match per month encourages a habit of saving, but requires more tracking.</li> <li>▶ Setting a maximum match for the total amount saved at the end of the savings period requires less tracking, but may not encourage a regular habit of saving.</li> </ul>	<p>Coastal Enterprises, Inc. (CEI) in Maine developed a matched savings program for Resident Owned Community residents who face high levels of financial insecurity. To incentivize a saving amount that would be achievable for the target audience, CEI offers an initial match rate of 2:1 for \$10/month over the first six months for a 6-month match of \$120 and then a 3:1 match for the next six months at the same requirement of \$10/month for a 12-month match of \$180.</p>
<b>Savings period</b>	<ul style="list-style-type: none"> <li>▶ How long will it take the target audience to reach their savings goal?</li> <li>▶ What is our capacity to support the program?</li> </ul>	<ul style="list-style-type: none"> <li>▶ The savings period, or the duration of the program, normally ranges from 6-12 months.</li> <li>▶ A short savings period will be easier to administer, but may have less impact.</li> <li>▶ A longer savings period allows for more time for savers to build the habit of savings and reach goals, but it is more costly to administer.</li> </ul>	<p>NeighborWorks Waco designed Project SAVER with a credit building component for a period of nine months to keep monthly payments/savings affordable for the target audience. Research showed that nine months is a feasible time frame to improve their credit scores and a realistic term to repay a \$300 loan.</p>

Key Design Element/Decision	Key Questions	Considerations	Example of Choices Made
Account details	<ul style="list-style-type: none"> <li>▶ Who chooses the account – the saver or the organization?</li> <li>▶ Will this be a new account for the saver?</li> <li>▶ What type of account is it – custodial (owned by third party) or non-custodial?</li> </ul>	<ul style="list-style-type: none"> <li>▶ The account is where the savings will be held.</li> <li>▶ When a customer can choose their own account, they can use an existing account or relationship with a financial institution if they have one. If they do not or wish to open a new account, the program can help build skills around shopping for an account.</li> <li>▶ When the customer chooses their own account, the organization has to rely on the customer for account information.</li> <li>▶ If an organization is choosing the account, it may be able to develop a strong partnership with a local financial institution, and in turn, negotiate special account features or get access to account information.</li> <li>▶ When the organization chooses the account, this could limit the customer’s sense of agency and/or they may not feel comfortable with the chosen account or institution.</li> <li>▶ If the program uses a technology tool to track savings, the financial institution’s account technology must be compatible with the tool, limiting the options for customers.</li> </ul>	<p>NeighborWorks Waco partnered with a local financial institution, First National Bank of Central Texas, which provided the accounts for the matched savings program. To help rebuild credit, the program is structured as a \$300 loan over nine months, and the funds are deposited into a locked, non-custodial account until full repayment. Clients sign a statement to share their bank information with NeighborWorks Waco on a monthly basis for tracking savings. Bank staff called customers who fell behind on their “loan” payments to keep them engaged in the program. The strong partnership resulted in a second round of the program.</p>

Key Design Element/Decision	Key Questions	Considerations	Example of Choices Made
Withdrawal rules	<ul style="list-style-type: none"> <li>▶ Should savers be able to spend funds in this account to meet emergency expenses?</li> <li>▶ Will your organization want to approve withdrawals?</li> <li>▶ What are the program consequences of withdrawing money? For example:               <ul style="list-style-type: none"> <li>● Savers lose the match reward in any month where there is a withdrawal.</li> <li>● The match reward is calculated by the net savings in the account at the end of the month.</li> <li>● Savers are disqualified from the program if they withdraw funds before the end of the term.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ Discouraging but not prohibiting withdrawals accommodates the realities of income volatility and unexpected expenses for savers.</li> <li>▶ Restricting withdrawals provides strong program guardrails to ensure for success, preventing unnecessary withdrawals and encouraging customers to take the program seriously.</li> <li>▶ If the goal is to help customers develop financial decision-making skills, restricting withdrawals takes away the customer's ability to make judgements about what's in their best interests.</li> </ul>	<p>The Emergency Matched Savings program allowed withdrawals, but customers only received rewards on the net balance saved in a month. Although savers made regular deposits to their accounts, they also made regular withdrawals, resulting in relatively low match rewards earned.</p>
Rewards process	<ul style="list-style-type: none"> <li>▶ How will rewards be paid?</li> <li>▶ Is there a final coaching session and/or survey?</li> <li>▶ Are there restrictions on how the money can be spent?</li> </ul>	<ul style="list-style-type: none"> <li>▶ Most organizations have a formal process for paying out the savings rewards, ranging from a final survey to final coaching session.</li> <li>▶ By requiring a final survey for rewards, an organization has the ability to gather outcomes data in a relatively low-cost way.</li> <li>▶ By requiring a final financial coaching session, organizations not only gain the ability to gather outcomes data but also a way to close the relationship and do future planning.</li> <li>▶ If savers do not meet the exit requirements, they can lose the match rewards earned; it is important not to make the requirements too cumbersome.</li> </ul>	<p>Champlain Housing Trust pays the reward at the end of the program following a final coaching session.</p>



Key Design Element/Decision	Key Questions	Considerations	Example of Choices Made
<b>Program Administration</b>			
<b>Technology</b>	<ul style="list-style-type: none"> <li>▶ What technology tools are available to administer incentivized savings programs?</li> <li>▶ How will technology be used to support the program to make it more efficient, enhance service delivery, or facilitate tracking?</li> <li>▶ How will the technology dictate program design decisions (e.g. for financial institution, reporting, communication with participants)?</li> <li>▶ What is the target audience's comfort level and experience with technology, including online banking?</li> </ul>	<ul style="list-style-type: none"> <li>▶ Technology can create program efficiencies and/or enhance service delivery.</li> <li>▶ A low-tech program allows organizations to build strong interpersonal relationships.</li> <li>▶ A high-tech program may reduce costs and increase access.</li> <li>▶ Technology solutions need to be compatible with the target audience. For example, a high-tech program would not work well for customers with low computer literacy skills, no online banking experiences, or minimal English proficiency.</li> </ul>	<p>In the Emergency Matched Savings Program, NeighborWorks America worked with EARN, which had developed a successful technology platform to incentivize, motivate, streamline, and track savings. NeighborWorks and the participating NeighborWorks organizations received a monthly report of the savers' activities. NeighborWorks, as funder and program manager used the information to identify problems and support NeighborWorks organizations. The organizations used the information to track savers' progress and reach out to participants when they identified problems. In some communities, where residents were unfamiliar with online banking, had limited tech skills, or spoke limited English, financial coaches had to provide more hands-on support.</p>

Key Design Element/Decision	Key Questions	Considerations	Example of Choices Made
Admin structure	<ul style="list-style-type: none"> <li>▶ Which organization is managing communication with savers?</li> <li>▶ Which one is monitoring program costs and projecting rewards due?</li> <li>▶ Who is handling customer questions about the matches they've earned or getting access to their bank statements?</li> </ul>	<ul style="list-style-type: none"> <li>▶ A matched savings program has a lot going on behind the scenes. Program administration includes communication, monitoring, customer support, and more.</li> <li>▶ Administrative responsibilities can be shared with the financial institution partner (e.g. responding to customer account questions; monitoring savings deposits.)</li> <li>▶ One way to save on the administrative costs of offering a matched savings program is to become part of a program that is administered by a national partner; the downside is that there is less opportunity to tailor the approach to meet the local audience's needs.</li> </ul>	<p>In the Emergency Matched Savings Program pilot, national partner EARN managed the technology platform, provided customer service related to technology use, provided regular savings tips and other messages to keep customers motivated, and managed the rewards process. The administrative efficiencies of the EARN program saved time and money for NeighborWorks and the NeighborWorks organizations, making it possible to offer a single program model across 17 sites.</p>

**To learn more about matched savings programs, please contact:**

**Molly Barackman-Eder, Program Manager, Financial Capability, NeighborWorks America**  
**[Mbarackman-eder@nw.org](mailto:Mbarackman-eder@nw.org)**