



Strategies to Improve Program Outcomes: Adjusting Participant Match Rates

Participant recruitment, retention, and completion are important to the overall success of your Assets for Independence (AFI) IDA program because they determine how many asset purchases you can complete and how much of your AFI grant you are able to spend. This document explains the rationale for adjusting your match rate, explores what factors to consider in making that decision, and illustrates how different match rates affect the total savings available for asset purchase.

Available Funds for Matching Participant Savings

Your AFI program participants open an IDA, save earned income for at least six months, and complete necessary financial education and asset-specific training. After these program and savings goals are reached, you will match their savings and directly pay a third-party vendor for a qualified asset purchase on the participant's behalf. The source of the savings match is Federal and non-Federal dollars that you deposit into the Project Reserve Fund (PRF).

The PRF is an account at a federally insured bank or credit union that you must establish for all Federal and non-Federal funds associated with your AFI program and track any interest earned on the account.¹ For every non-Federal dollar you deposit into this account, AFI provides one Federal dollar. At least 85% of these funds must be used to provide savings matches to participants, and up to 15% may be used for administrative and non-administrative costs, as shown in the example on the last page.²

The [AFI legislation](#) limits the amount of Federal savings match you can provide to \$2,000 for individual savers and \$4,000 for households for each AFI grant you administer.³ Because the Federal grant funding is matched dollar-for-dollar with non-Federal funding in the PRF, individuals can receive up to \$4,000 and households can receive up to \$8,000 to match their savings – half Federal funds, half non-Federal funds.⁴ Even if you choose to provide additional non-Federal match, the total amount of Federal match cannot exceed the limits established in the AFI legislation.

¹ Though not required by the AFI legislation, many grantees have found that setting up a separate PRF account for each AFI grant allows them to more easily track the interest accrued for each grant and the savings matches for each participant.

² The [AFI legislation](#) specifies how this 15% may be allocated in Section 407(c)(3).

³ If more than one individual in the same household has earned income and is eligible for AFI, each individual may receive AFI funds under the same grant up to the \$2,000 maximum Federal match, but no household may receive more than \$4,000 in Federal matching funds under one AFI grant.

⁴ Additional funding can be used to provide non-Federal savings matches and additional administrative funds, but these funds should not be placed in the PRF. The PRF should be used to draw down the full amount of the AFI grant and is subject to the rule that at least 85% of funds must be used to match participant savings.

Program Match Rate Considerations

You are allowed to provide participants a range of savings match rates, from 1:1 to 8:1. This means that for every \$1 AFI participants save in their IDAs, you can provide anywhere from \$1 to \$8 in savings matches in combined Federal and non-Federal funding from your PRF. This flexibility allows you to choose the match rate that best fits the needs and asset goals of your IDA program participants.

Your program match rates are initially proposed and approved as stated in your AFI grant application process. All program design changes should be discussed with your Board of Directors and your non-Federal funders. After they approve them, consult with your Program Specialist regarding the proposed changes. To request a match rate change, you must submit a [Program Design Request](#), signed by the authorizing official at your organization.

When choosing the appropriate match rate for your participants, consider the following:

- **A higher match rate sets a lower savings threshold for participants.** With a 2:1 match rate, participants must save \$2,000 to receive the maximum match of \$4,000, but with an 8:1 match rate, participants only need to save \$500 to receive the maximum match of \$4,000. If participants are not able to complete your AFI IDA program because they struggle to reach a higher savings goal, increasing the match rate may be a good strategy that allows your participants to reach their goals in less time. For example, saving \$500 may be easier than saving \$2,000 for a student or small business owner. However, you should be mindful of how different match rates could affect saving behavior for participants if they save lower amounts and reach their savings goals in less time.
- **A lower threshold for participants could lead to higher recruitment, retention, and completion rates.** By making the savings goal easier to attain, you can make it easier for participants to save each month and reach their savings goals. If participants are not able to reach their savings goals and receive the maximum allowable savings match, you may struggle to spend all of your Federal and non-Federal funds. As participants move through the program more quickly, you could see a decrease in administrative costs as participants spend less time in the program and thus need less staff support. Higher retention rates also mean fewer administrative dollars spent on recruitment as you may be able to attract more savers and fewer will leave the program early.
- **The total amount of matching funds available for each participant does not change when the match rate changes.** Regardless of the match rate, the maximum Federal dollars you can provide to participants from each AFI grant is \$2,000 for an individual and \$4,000 for a household. Because every Federal dollar is matched dollar-for-dollar with non-Federal funding, this means that each AFI participant can receive up to \$4,000 from the PRF (\$2,000 Federal match and \$2,000 non-Federal match) *regardless of the match rate.*

- **A higher match rate results in a lower total amount available for an asset purchase, because the participant savings amount (not the total match amount) decreases.** As the table below illustrates, with a 2:1 match rate, participants will have \$6,000 available for an asset purchase if they save \$2,000 and receive a \$4,000 savings match. With an 8:1 match rate, participants will only have \$4,500 available for an asset purchase if they save \$500 and receive a \$4,000 savings match. You should make sure that the total available to each participant for an asset purchase is a sufficient amount to purchase assets in your particular geographic area. For example, homeownership in higher-cost areas may necessitate a larger amount available for a down payment.
- **You can provide different match rates for different asset goals.** However, these match rates must be approved by OCS through the AFI grant application or a [Program Design Change](#) request. The match rates should be consistent for all participants with the same asset goal and the match rate should be clearly stated in the participant’s signed Savings Plan Agreement. If you change the match rate for your AFI IDA program, tell existing participants about the change and update your program materials.

The following table is an illustration of how different match rates affect participants’ savings, Federal and non-Federal savings matches, and the total amount of funding available for an asset purchase. Please note that depending on the non-Federal funding structure, this table is only an example; if you choose to offer additional non-Federal match, these figures would change.

How Match Rates Affect Participant Savings and Available Funds for Asset Purchase ⁵					
Match Rate	Participant Savings	Project Reserve Fund			Total available for Asset Purchase
		Federal Match	Non-Federal Match	Total PRF Match	
1:1	\$4,000	\$2,000	\$2,000	\$4,000	\$8,000
2:1	\$2,000	\$2,000	\$2,000	\$4,000	\$6,000
3:1	\$1,333	\$2,000	\$2,000	\$4,000	\$5,333
4:1	\$1,000	\$2,000	\$2,000	\$4,000	\$5,000
5:1	\$800	\$2,000	\$2,000	\$4,000	\$4,800
6:1	\$666	\$2,000	\$2,000	\$4,000	\$4,666
7:1	\$571	\$2,000	\$2,000	\$4,000	\$4,571
8:1	\$500	\$2,000	\$2,000	\$4,000	\$4,500

⁵ These figures are based on an individual participant and do not apply to multiple participants within the same household.



Example

If you have a \$100,000 grant from AFI and raise \$100,000 in matching non-Federal funds, you will have \$200,000 in your Project Reserve Fund after you deposit your non-Federal funds and draw down your Federal funds:

Non-Federal Funds Deposited in PRF	\$100,000
Federal AFI Funds Deposited in PRF	+ \$100,000
Total PRF Deposits	\$200,000

Of this \$200,000, you must use at least \$170,000 (85%) to match participant savings, and use no more than \$30,000 (15%) on administrative and non-administrative costs:

Amount Spent on Savings Matches	At least \$170,000 (85% of total)
Amount Spent on Administrative & Non-Administrative Costs	No more than \$30,000 (15% of total)

The match rate you choose will affect the amount participants must save to receive the maximum savings match. If you choose a 1:1 match rate, participants will have to save \$4,000 to receive the maximum \$4,000 match, but if you choose a 4:1 match rate, participants will only have to save \$1,000 to receive the maximum \$4,000 match. Whatever match rate you choose, the number of participants will stay the same, as shown in the example below, since you are only giving each participant a maximum match of \$4,000.

Amount Available for Savings Matches	\$170,000
Maximum PRF Match (at all match rates)	÷ \$4,000 per participant
Number of Participants	42 participants

	1:1 Match Rate	4:1 Match Rate
Participant Savings	\$4,000	\$1,000
PRF Match	\$4,000	\$4,000
Total Available for Asset Purchase	\$8,000	\$5,000

Questions

If you have any questions about adjusting the match rate for your AFI IDA Program, please contact your AFI Program Specialist, the AFI Resource Center, or the AFI Program website:

1-866-778-6037 | info@idaresources.org | www.idaresources.org

<http://www.acf.hhs.gov/programs/ocs/programs/afi>