

Matched Emergency Savings Withdrawals IDA Policy

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Policy summary

IDA Matching funds are available for:

“The establishment of savings for emergency expenses to promote financial stability and to protect existing assets. As used in this paragraph, ‘emergency expenses’ includes expenses for extraordinary medical costs or other unexpected and substantial personal expenses that would significantly impact the account holder’s noncash assets, health, housing or standard of living if not promptly addressed.” (IDA statute)

IDA savers enrolled for any asset goal may make matched emergency savings withdrawals at the same match rate as their asset goal. After making a matched emergency savings withdrawal, IDA savers do not have to pay back their withdrawal, and may continue to save towards an asset goal. Their total match allocation does not change, so any emergency withdrawals do reduce the amount later available for other asset goals. All matched withdrawals, including the combination of match for an asset and match for emergencies are subject to the annual match limit set in statute.

Policy Details

What qualifies as an emergency?

NP policy is for **savers to decide what qualifies as an emergency for themselves**. If a saver requests an emergency withdrawal, providers are not responsible for assessing whether the situation “qualifies”. Providers are encouraged to provide support to address the emergency if support is within their program/organizational capacity and help is requested.

What is the maximum amount that a saver can use?

A saver may use up to \$3,000 of their IDA match money, along with the corresponding amount of personal savings, for personal financial emergencies

while they are enrolled in the IDA Program. **This maximum match is \$3,000 total, not \$3,000 per year.** Withdrawals should be for a minimum of \$300 in match. If the saver doesn't need all that for their current financial emergency, any excess can be used to start a personal emergency savings account.

How long does a saver have to be in the program before they are eligible?

Savers must be **at least 3 months from their open date** in OT to be eligible for a matched emergency savings withdrawal. They must also have enough IDA savings (based on their match rate) and they must have completed financial education.

Do savers have to complete financial education and asset-specific education before becoming eligible for a matched emergency savings withdrawal?

IDA savers must have completed financial education before making a matched withdrawal. There are no additional asset specific education requirements for matched emergency savings.

How do I communicate this to a saver?

All new and current IDA savers should be informed that they can use a portion of their savings and match to cover personal financial emergencies while continuing to save toward their asset goal. Match money withdrawn for an emergency will be taken from the total match that's been allocated to the saver, leaving less available for their asset purchase.

- *For example, if you have been saving in an IDA and a financial emergency arises, you may request a matched withdrawal to help you cover the expense. Your IDA savings can be matched with up to \$3,000 of IDA match money. You can then continue to save toward your goal. The amount you withdrawal for the emergency will reduce the total you have at the end toward your goal. So if your savings plan was for \$6,000 IDA of match money and you used \$2,000 of IDA match money for an emergency expense, you would have \$4,000 of IDA match money left.*

What if someone cannot make their asset goal? Are they offered emergency savings before closing their account?

Yes, any saver can receive up to \$3,000 in IDA match money for establishing emergency savings. If a saver is exiting and only received IDA match money for emergency savings, then use the instructions on the next page when closing the account in OT.

What are the tax implications for matched emergency savings withdrawals?

The withdrawal of IDA funds for an emergency is now a qualified purpose in Oregon Statute and should not be taxed. As is the case with all tax issues, it may be more complicated for certain circumstances and can often vary on a case by case basis. For more on tax related questions, see

<https://oregonidainitiative.org/ida-tax-related-issues/>

Processing Matched Emergency Savings Withdrawals

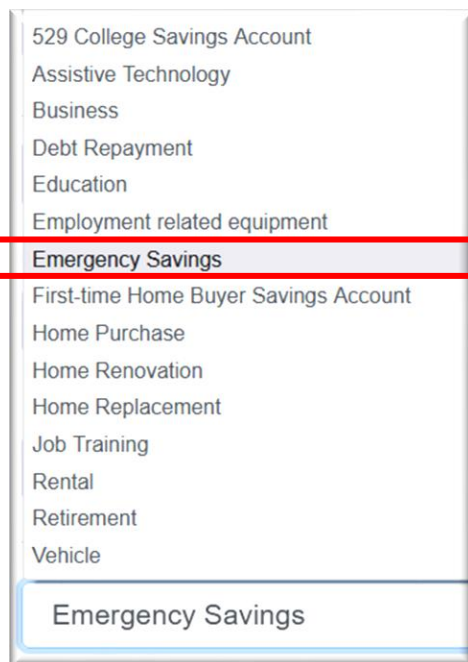
How do I enter a matched emergency savings withdrawal in OT?

First, determine the total amount and calculate how much will be IDA match money and how much will be their IDA savings. For example, if they request \$1,200 and they are a 5:1 saver, the savings portion would be \$200, and the match \$1,000.

1. Enter the transaction into OT as a matched withdrawal, and then in the Withdrawal Use field, use the pull down and **select “Emergency Savings”**.
2. Note: In the “Description” field, you can also **rename the transaction** “Emergency Matched Withdrawal/Purchase” which helps identify matched emergency savings withdrawals on the Transactions tab.

If a saver is **exiting and only received match for emergency savings**, then close the account in OT in the following way:

3. Change the saver’s Intended Use (Accounts tab) to “Emergency Savings” in OT;
4. Change their status to “Closed” and select “Completed/Successfully made matched withdrawal”.



A screenshot of a dropdown menu from a software application. The menu lists various categories for withdrawal use, including '529 College Savings Account', 'Assistive Technology', 'Business', 'Debt Repayment', 'Education', 'Employment related equipment', 'Emergency Savings', 'First-time Home Buyer Savings Account', 'Home Purchase', 'Home Renovation', 'Home Replacement', 'Job Training', 'Rental', 'Retirement', and 'Vehicle'. The 'Emergency Savings' option is highlighted with a red rectangular border. Below the list, there is a separate box containing the text 'Emergency Savings'.

Who do we make checks to?

Checks may be made directly to individuals. Your organization should use your existing check request process, which must include a participant request for withdrawal, but does not need to state more than “emergency expense” for purpose. A saver may also request that checks be made directly to the vendor (landlord, creditor, etc.).

Special Circumstances

While this policy supports a consistent application of matched emergency savings withdrawals throughout the Oregon IDA Initiative, NP is willing to consider and allow for particular circumstances that fall outside this policy. If you have questions, please check with the IDA Program Manager.

What emergencies can I use IDA match money for?

As an IDA saver, you can now cover unexpected and substantial personal expenses that would significantly impact your assets, health, housing or standard of living if not promptly addressed. No matter what asset goal, you may use some of your IDA savings and IDA match money to help cover financial emergencies. You do not have to pay it back and can continue to save towards your original goal.

How much IDA Match Money can I get to help cover a financial emergency?

A saver may use up to \$3,000 of their IDA match money, along with the corresponding amount of personal savings, for personal financial emergencies while they are enrolled in the IDA Program.

Do I have to use all my IDA savings first before accessing match for my emergency?

No, you do not have to use all your IDA savings first. You only need to use the minimum amount of IDA savings that corresponds with the match that you are using.

For example, if I have an IDA at a match rate of 5:1, and I need \$1,200 to cover my emergency, I can use \$200 from my IDA savings and \$1,000 from my IDA match money.

Will this affect the total match available when I reach my goal?

Yes. The match used for an emergency will be deducted from your total match available at the end.

For example, if my goal is to get \$6,000 in match money, but I use \$1,000 in match money to meet an emergency while I am in the IDA program, I will now have only \$5,000 in match money left to put towards my goal when I complete the program.

What do I need to do to be eligible?

To be eligible for a matched emergency savings withdrawal:

- You must have been in the program for at least 3 months
- You must have enough IDA savings (based on your match rate) for the amount of matching money you are requesting
- You must have completed financial education