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## Community and Economic Development in North Carolina and Beyond Blog: Students Administer a Matched Savings Program for the Homeless

By CED Guest Author

Article: <https://ced.sog.unc.edu/students-administer-a-matched-savings-program-for-the-homeless/>

This entry was posted on November 15, 2011 and is filed under Community Development, Community-Campus Partnership, Financial Assets

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In Chapel Hill, students and community members have helped form a unique partnership between two groups that rarely interact: homeless individuals and banks. Based around the model of microfinance, the Community Empowerment Fund (CEF) is a student-driven initiative that seeks to provide assertive support and financial education to its participants—those living in shelters, on the street, or those who are an emergency away from homelessness. The CEF program focuses on savings and financial literacy with two innovative features: (1) goal-based matched savings accounts that are more flexible than traditional Individual Development Accounts (IDAs) to accommodate the needs of homeless populations, and (2) two-on-one financial coaching provided by student volunteers.

Individual Development Accounts (IDAs) have been used across the country to promote asset building for the poor by matching savings towards a specified goal. Unfortunately, most traditional IDA programs have strict deposit requirements, a prohibition on making withdrawals, and other rigid rules that conflict with the needs of homeless and very-low-income individuals. Although the traditional IDA rules can prove helpful for some people in creating long-term savings habits, CEF saw that this rigidity would prevent homeless individuals from benefiting from IDA accounts, since they have marginal income and deal with unpredictable emergency expenses. Thus, CEF Safe Savings Accounts break with the traditional mold. For example, there is no deadline for achieving the savings goal, and participants can withdraw funds at any time. The only requirement is that participants must wait 48 hours between the withdrawal request and receipt of the funds, a provision designed to reduce withdrawals for unnecessary expenses.

Another modification to the traditional IDA program pertains to the allowable goals for the program. Most traditional IDAs allow the matched savings to be used for buying a home, starting a small business, or obtaining an education. These goals, although important, are considered unattainable by many homeless and very low-income persons, thus discouraging participation in a matched savings program. CEF came to realize that the savings goals of homeless persons did not include making a down payment on a house. Rather, CEF participants wanted to save for transportation, an emergency buffer, or to boost a credit score by paying down past debts. By allowing participants to choose their own goal and the value of that goal—be it \$75 for a laptop or \$1500 for a rainy day fund—participants were more motivated to start saving, in some cases for the first time in their lives.

The key to the program, however, is the strong relationships formed between CEF participants and student volunteers. At least two student volunteers are paired with each participant, and those students work closely with their assigned participant to coach them on whatever steps are required to improve the participant's situation—be it obtaining official identification, finding affordable housing, navigating the service system, applying for jobs, pulling a credit report, opening a bank account, making a resume, or setting up a doctor's appointment. The student volunteers gain valuable experience as well. They learn alongside their assigned participant about making an effective cover letter, reading a credit report, and navigating the banking system, while also grappling with the systemic problems faced by homeless individuals. CEF believes students are ideally suited as financial coaches due to their computer skills, positive attitudes, flexible schedules, university resources and willingness to learn.

CEF is currently working to replicate the program at other universities. For more information on Safe Savings Accounts, visit CEF's website [here](#).