

## Opportunity Fund's Start2Save Program Overview

### @ A Glance

#### **About the Opportunity Fund**

Opportunity Fund is a not-for-profit social enterprise helping thousands of California families build financial stability. Their strategy combines microloans for small businesses, microsavings accounts, and community real estate financing. They were founded based on the idea that small amounts of money and financial advice could help people make permanent and lasting change to improve their own lives, and they are now California's leading microfinance provider. Since making their first loan in 1995, they have deployed over \$235 million into their communities.

**Product Offering:** Start2Save (S2S) is a matched emergency savings account designed for low-income consumers.

**Financial Partner:** Citibank

**Value Proposition:** S2S is a low-cost, flexible savings product coupled with financial coaching and a matching grant to help low-income individuals and families build emergency savings.

**Driver of Scale:** S2S enables OF to reach a customer segment that they would not otherwise be able to serve with their other product offerings. Even though the product does not generate revenue and requires philanthropic subsidy, OF sees it as a critical component in their product offering. S2S builds a pipeline for low-income individuals to take advantage of other OF products and services down the line. Many of these consumers have difficulty working to build longer term assets if they do not have a basic emergency savings cushion. This product offering also increases OF's impact and brand-recognition in the community.

### **Overview of Start2Save Program**

Opportunity Fund (OF) believes that encouraging savings is not only important to do, but is essential given the financial hardships many low-income consumers face. Yet many existing savings products, including Individual Development Accounts (IDAs)<sup>1</sup>, are often not well-suited to help low-income families achieve their savings goals and needs.

OF learned, through market research, that there was a need for a flexible savings account that could help them get started in building assets. Clients expressed interest in a product that is designed to help them save, but with enough autonomy to allow them to access the funds if necessary. The Start2Save (S2S) product was designed to directly address these needs and preferences. In the spring of 2011, Opportunity Fund launched S2S and has seen significant demand for the product since then.

#### *How it Works*

Eligible participants put away a minimum of \$20 a month in a free, FDIC-insured savings account from Citibank, and for every dollar saved, Opportunity Fund grants participants \$2 in matched funds, up to a total of \$1,000. Each participant opens a savings account at Citibank using their name and social security number. They will receive an ATM deposit card and can make deposits with this card. They may instead choose to sign up for automatic transfers from their existing checking account. Participants who save \$500 over a one to two year period will

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<sup>1</sup> An IDA is a matched savings account that is typically managed by community organizations. The match is usually provided by private or government funding. IDA accounts are held at local financial institutions, usually as an escrow account that the nonprofit manages. Participants usually receive financial education/coaching for the duration of the program. Fund usage is typically limited to several specific asset-building expenses, such as purchasing a first home, capitalizing a small business, or for educational or job training expenses.

end up with a total of \$1,500 in savings. Once the savings goal is reached, participants are free to spend the money any way they want, but are encouraged to keep the savings for emergencies.

Participants also receive free financial coaching throughout the program and since Opportunity Fund has the ongoing ability to monitor balances in the S2S accounts, they can target the coaching to the individual clients' needs and challenges. This data sharing component was negotiated with Citibank and has allowed Opportunity Fund to provide clients with customized support to use the product effectively.

### **Partnerships**

Successful execution of the Start2Save program requires Opportunity Fund to develop and maintain several key partnerships. These partnerships will enable the nonprofit microlender to reach scale and achieve greater impact with the program.

#### *Establishing a Partnership with Financial Institution*

Since Opportunity Fund is not a depository, partnering with a financial institution that can accept deposits and manage the savings accounts was a critical step in launching the program. Citibank was a natural option given the long-standing relationship between the two organizations. Since 1999, Opportunity Fund and Citibank have partnered to deliver other matched savings programs.

Opportunity Fund first approached Citibank with the S2S idea in 2009 and shared data about the significant amount of money that IDA participants were withdrawing from the bank upon graduation. They also shared their market research to demonstrate the demand for an emergency savings product and noted that Citibank was missing an opportunity to build long-term relationships with underserved consumers.

The bank's interest in developing longer term relationships with underserved consumers and their willingness to develop an online platform for remote account opening made them an ideal partner for Opportunity Fund. Citibank also has a long trajectory of working with other nonprofit organizations to deliver low-cost savings accounts.

#### *Reaching Scale through Online Portal*

Citibank is currently in the process of developing an online portal that will enable OF staff to open the savings account onsite without having to send clients to a Citibank branch. Some Citi branches have even sent staff to OF sites to open up accounts, but this is also not a sustainable or scalable solution. The online portal is a critical component that will allow the program to reach more people in a more effective manner.

#### *Partnership Opportunities to Expand Scale*

Opportunity Fund will begin piloting a new account opening practice to simplify the screening process and reach more clients in an effective manner. OF has partnered with a nonprofit offering free tax preparation services to low-income households. Tax time can be an especially timely moment to engage people in new financial tools. Low-income tax filers will have the opportunity to put part of their refund towards a new savings account. That deposit will immediately be placed into a new escrow account held by Opportunity Fund. Once the financial education portion is completed, the account will be automatically transferred to a Start2Save account. The ability to set up accounts in this way and establish strategic partnerships with other nonprofits is critical to reaching a broader audience. Opportunity Fund is working to find other partners who focus on social services, low-income housing and workforce development and imbed the S2S product in their program delivery methods.

# Start2Save

You save \$500. We add \$1,000.

**Use to: Start saving for your future.**

## How Does it Work?

Monthly deposit \$20 to \$40 per month

Time Saving 12 months to 2 years

Free Savings Account FDIC Insured from Citibank

Other Requirements Complete free Money Smart course



"Making ends meet is hard, but Opportunity Fund inspired me to try, and I really succeeded!"  
Melissa, Start2Save



**Apply Now**

## Can I apply?

Age	18 and Older
Home Address	Santa Clara, Southern San Mateo or Alameda County
Credit	No debts in ChexSystem
Household Net Worth	Less than \$2,000 (excluding 1 vehicle)
Income	Less than Limit (see right)

### Maximum Annual Household Income Limit by County

# of People in Household	San Mateo	Santa Clara	Alameda
1	\$46,620	\$44,100	\$37,500
2	\$53,280	\$50,400	\$42,840
3	\$59,940	\$56,700	\$48,240
4	\$66,600	\$63,000	\$53,580
5	\$71,940	\$68,050	\$57,840
6	\$77,280	\$73,100	\$62,160

Source: Opportunity Fund Website: <http://www.opportunityfund.org/savings/>