



# Assets Initiative



Office of Community Services  
Administration for Children and Families  
U.S. Department of Health and Human Services

# Financial Asset Building

“Few people have ever spent their way out of poverty. Those who do so do through saving and investing for the long term.”

Dr. Michael Sherraden,  
Author, Assets & the Poor,  
Center for Social Development, Washington University

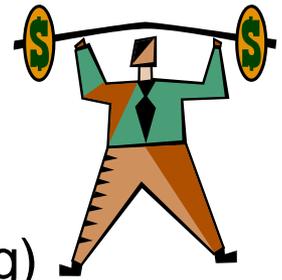
# Financial Assets

- **Tangible assets:**
  - Money savings,
  - Bonds, stocks, other financial securities
  - Real property
  - Machines, equipment, tools
- **Intangible Assets:**
  - Credit, access to credit
  - Human capital (networks, who you know)



# Financial Asset Building Tools

- Saving, Drawing Tax Credits
  - 1-6 month cash reserve (nest egg)
  - Matched savings accounts or Individual Development Accounts
- Financial Education Classes & Coaching
  - Build & improve credit score
  - Reduce debt (good debt, bad debt) (debt counseling)
  - Create budget (spending, savings, debt reduction plan)
- Getting Banked
  - Use safe financial products



# Common Tax Credits

- Earned Income Tax Credit
  - Child Tax Credit
  - Making Work Pay Tax Credit
  - Child & Development Care Tax Credit
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- American Opportunity Tax Credit

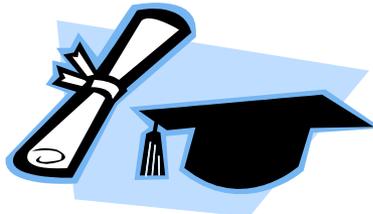
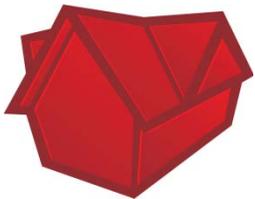
# Financial Asset Building leads to financial stability, security

Move from living paycheck to paycheck (income, spending) to also **saving** for several purposes



## Assets for Independence IDA's

- Save in IDA Accounts, matched by federal and other sources
- Financial education classes, asset classes
- Purchase Financial Asset
  - First home
  - Higher education or training and/or
  - Small business





# Christa McMichael, LPN, AFI IDAs for Education, Home

Education IDA	Year One	Year Two	Year Three	Total
Indiv. Savings	360	890		1,250
AFI & Other Match-Education	720	1,780		2,500
Total	1,080	2,670		3,750

Home IDA	Year One	Year Two	Year Three	Total
Indiv. Savings	2,000			2,000
AFI & Other Match	4,000			4,000
Total	6,000			6,000

# Christa McMichael



- Moved to Kentucky in 2005
- Received TANF, work support
- Financial educations classes & budgeting instruction
- Credits 2 advocates: TANF worker & IDA advocate
- Monthly peer support group meetings were key
- Child care & dinner for kids at monthly group mtgs.
- Education IDA helped her become an LPN
- Improved credit score by more than 150 points
- Homeownership IDA, bought a home in Oct. 2009

## Kentucky Domestic Violence Association (KDVA), Mary O'Doherty

- Economic empowerment program for survivors
  - IDAs, financial ed., credit building, micro loans, free tax-preparation
    - 150 participants have purchased assets
    - ¼ to 1/3 participants receive TANF
    - Focus on establishing/improving credit scores
  - Funded by banks, corps, foundations

# AFI IDA Projects

- 400 projects : 79 projects in Regions I,II, III, IV.
- Partner with financial institutions, tax networks
- 75,000 + IDA accounts and growing
  - 80% are women
- Many single parent households
- IDA 1<sup>st</sup> account for most participants



# Examples of AFI Project Grantees

## **Community Action Agencies**

Community Development  
Corporations  
United Way Organizations  
State , Local, Tribal  
Governments  
Credit Unions

## **Community Development Financial Institutions**

Faith-based Organizations  
Youth Agencies  
Housing Organizations  
Workforce Development  
Organizations



# **TANF & IDAs, Financial Education, Case Management Services**

Michigan Case  
Current State Plans

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# Michigan IDA Partnership

- Five Regions: CAAs, United Ways, Faith-based, CDC's
- Total funding support: \$12.5 million (2001 to present)
  - TANF totaled \$4.15 million or 1/3 of total support. Remaining support came from foundations, AFI, state housing.
  - TANF approved activities: IDA match, program services, case management, financial education classes
  - Agencies connected Savers to VITA/Tax Claim Sites

# Michigan Nine Year Report (June 2010)

## What worked

- 2,000+ accounts filled
- 1,649 Assets purchased
- Total participant savings \$1,7 million
- Regular savings increased from 25%-71%. (84% continued saving after asset purchase.
- 84% report financial education classes helped
- 90% more aware of credit score

# The ASSETS Initiative

- ACF effort to bring asset building services to families with low incomes throughout the nation.
- Three year initiative organized by the Office of Community Services

## The ASSETS Initiative: Strategies

- Financial Education
- Access to Financial Services
- Consumer, credit/debt counseling
- Individual Development Accounts (IDAs)
- Tax Prep Services
- Other Federal Benefits

# How Do We Work Together?

Connect TANF families and providers to the asset building philosophy and tools?



AFI Resource Center  
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