

**Rural Maryland Council and the Maryland CASH Campaign present:
Rural Roundtable: Overcoming Economic Barriers to Family Economic Success in Rural
Communities**

Summary of recommendations

Background

On December 11, 2008 over 25 rural practitioners from around the state, came together in Frederick to identify challenges and solutions to barriers that impact family economic success. The Rural Roundtable was coupled with a follow-on meeting on December 12 to specifically address programs to improve savings of low and moderate income families. The goals of these two meetings were to provide education on the range of programs, products, and policies that affect financial security; understand the impact of the economic crisis on non-profits and their clients, and to create a set of state-wide priorities for the next 12 months.

In the opening session, participants discussed the impact of the economic crisis on their clients and their organizations. The session was part of a national effort sponsored by the National Community Reinvestment Coalition's Road to Economic Recovery Week of Action.

Participants identified several trends:

- Increase in clients overall level of anxiety
- Increase in median income of clients
- Increase in clients who had never reached out for help before
- Increase in job responsibilities being given to staff
- Decrease in affordable rental housing
- Increase in foreclosures, affecting both homeowners and renters
- Increase in homelessness
- Empty food pantries
- Emergency funds unavailable
- Lack of jobs/lack of job readiness programs
- Clients in need of help with credit and debt issues
- Decrease in program funding due to more organizations trying to meet the needs of their community

Speakers and participants discussed the need to rethink traditional service delivery models and the necessity to find new partnerships and make programs more efficient. The group discussed the range of federal and state policies needed to effectively support these programs.

Summary of recommendations: Financial Products

Robin McKinney, Maryland CASH Campaign, provided an overall of five financial products that can help low to moderate income families to create systematic savings.

Auto-build certificate of deposit - An Auto-Build Certificate of Deposit makes it easier than ever to open a CD because you can open it with a minimum deposit of just \$25.00. The customer may also make unlimited deposits to the CD during the CD term. Once the average daily balance reaches \$500.01, the interest rate will increase. Once the average daily balance reaches \$5,000.00, the rate will increase again. The Auto-Build CD product is available in twelve-month or twenty-four month terms.

Child Savings Accounts – Child Savings Accounts are matched savings that can be used to go to college, buy a home, or start a business. There is a national demonstration (SEED) through cfd that uses a combination of savings accounts, College 529 plans, and investment accounts.

College Savings Plans - The College Savings Plans of Maryland is an independent State agency that offers two plans the Maryland Prepaid College Trust and the Maryland College Investment Plan. Both plans are 529 plans, named after the section of the Internal Revenue Code that permits states to establish and administer tax-advantaged college saving plans. Each has its own set of features and benefits, and both offer federal and Maryland State tax incentives. Also, students may use their account at nearly any accredited college nationwide.

Individual Development Accounts (IDAs) – IDAs are matched savings accounts that can be used for first-time homeownership, postsecondary education, and small business development. IDAs are administered by non-profits in partnership with a financial institution.

Savings bonds – Several tax preparation sites around the state are allowing taxpayers to split their refunds and purchase savings bonds. The EE Bonds are reliable, low-risk government-backed savings products that can be used to finance education, supplement retirement income, or other special events. The electronic EE bonds are sold at face value and are worth its full value when it's available for redemption, can be purchased in amounts of \$25 or more, and are issued electronically to a designated account.

Timeline: Between January 31 and May 1, 2009

Priority 1: Research feasibility of a Child Savings Account program in Maryland

Action Item: Research successful models and best practices from around the country.

Priority 2: Offer savings bonds at all tax preparation programs in Maryland

Action Item: Research best practices from existing programs in Maryland and beyond.

Action Item: Research technical and resource capabilities through D2D Fund.

Priority 3: Broaden the availability of auto-build CDs and other flexible CD products throughout Maryland

Action Item: Create list of existing financial institutions that offer flexible CD products.

Action Item: Build partnership with Maryland Bankers Association and Maryland/DC Credit Union Association to create “seal of approval” on account features.

Summary of recommendations: Financial education priorities

Timeline: Between January 31 and May 1, 2009

Priority 1: Development of curriculum and outreach campaign to promote emergency savings

Action Item: Research existing curriculum that address the creation and maintenance of an emergency savings account.

Action Item: Research existing instructors or organizations that offer financial education classes on developing emergency savings.

Priority 2: Development of coordinated effort to provide basic banking and budgeting education

Action Item: Research existing curriculum that addresses basic banking and budgeting issues.

Action Item: Research existing instructors or organizations that offer basic banking and budgeting education.

Priority 3: Increased access to car ownership education and programs

Action Item: Research existing access to car ownership education and programs in Maryland.

Action Item: Form partnership with Vehicles for Change to better understand how to help boost their donations and broaden access to affordable cars.

The group will reconvene in May/June 2009.