



**Maryland CASH Campaign and the
Rural Maryland Council present:
IDAs and Other Strategies to
Encourage Savings**

December 12, 2008

Purpose of Session

- Create basic understanding of IDAs and other savings products
- Understand the opportunities and challenges of the various products/programs
- Strategize new delivery systems, products, or program efficiencies

Overview of IDAs

- Matched savings account that can be used for homeownership, small business development, or post-secondary education
 - Match ranges from 1:1 to 8:1 depending on program
- Mandatory financial education component
- Savings period usually minimum of 12 months and maximum of 29 months

Assets for Independence Act

- Federal grant program managed by US HHS through ACF/Office of Community Services
- Grant awards up to \$1,000,000 over 5 years
- Must match with local funding 1:1
- Client eligibility
 - Those who are eligible for Temporary Assistance for Needy Families (TANF)
 - Those who are eligible for the Federal Earned Income Tax Credit (EITC)
 - Those whose income is less than two times the Federal poverty line (approximately \$40,000 for a family of four)

How it works – Non profit organization

- Organization markets and recruits clients
- Through application process, client determines the asset they would like to save for (out of the 3 allowable uses)
- Non profit works with financial institution to open accounts
- Non profit provides 20 hours of financial education courses for client or groups
 - Additional education or counseling may be required dependant on the asset
- Savings are matched monthly, tracked through MIS IDA or other database
- When goal is reached, funds are released to 3rd party vendor

How it works – Financial Institution

- Financial institution creates several accounts for the program and its participants
 - One reserve account to hold all match funding
 - One account per client to hold client's savings
 - One account per client to hold accumulated match
- Monthly statements should be set up to go to the participant and the organization

Current IDA programs

- Advocates for Homeless Families (Frederick)
- Collective Banking Group (Prince George's)
- Family Services Association (Cecil)
- Garrett Community Action Committee (Garrett)
- Human Resources Development Commission (Allegany)
- Washington County Community Action Council (Washington)

Current Matched Savings Programs

- Bon Secours of Maryland (Baltimore)
- Maryland Capital Enterprises (Lower Shore)

Other matched savings opportunities

- **SEED** (Saving for Education, Entrepreneurship, and Down payment)
 - Opened at birth with \$1,000 deposit
 - Age appropriate financial education
 - Allowable uses
 - Education/training, starting a small business, buying a home, or financing retirement
 - http://www.cfed.org/imageManager/_documents/SEED/piggy_banks_to_prosperity.pdf
- **Matched College Savings Plans**

Other savings opportunities

- Savings bonds
- Auto-build CDs
- Retirement accounts

Websites

- Annie E. Casey Foundation
 - <http://www.aecf.org/KnowledgeCenter/EconomicSecurity/AssetWealthDevelopment.aspx>
- Asset Funders Network
 - <http://www.gistfunders.org/Web-BasedResources.htm>
- Center for Social Development (Washington University)
 - <http://gwbweb.wustl.edu/CSD/index.htm>
- Corporation for Enterprise Development
 - www.cfed.org and www.idanetwork.org
- Institute on Assets and Social Policy (Brandeis)
 - <http://iasp.brandeis.edu/>
- New America Foundation
 - www.assetbuilding.org

What's next?

- New ideas?
- Support for field?