

COMMUNICATIONS FOR IDAS AND ASSET BUILDING

About CFED

CFED expands economic opportunity by helping Americans

- Start and grow businesses
- Go to college
- Own a home
- Save for their children's and own economic futures

About the Speaker

- Jerome Uher
 - Communications Director CFED
 - More than 15 years of experience in policy communications at the national level

About the Research

- KRC Research on Asset Building (July 2007)
- Peter Hart Inc. on Children's Savings Accounts (2006-2007)
- Other Related Research
 - Ford Foundation
 - Frameworks Institute
 - Opportunity Agenda

Framing Asset Building

- Most people have little/no idea about “asset building”
- No strong consensus among advocates on definition of asset building
- How can we talk about this subject in a way that will engage people?
- What works and doesn't work among language/tactics used currently

Research Objectives

- Examine language opinion leaders use when talking about asset building and financial security
- Determine factors of asset building that capture the attention of opinion leaders
- Gather feedback on different messages related to asset building

Research Design

City and date	Political orientation
Alexandria, VA July 10, 2007	Moderate leaning liberal
	Moderate leaning conservative
Philadelphia, PA July 11, 2007	Moderate leaning liberal
	Moderate leaning conservative

- **Opinion Leaders**

- Age 30-59
- Voted in the November 2006 midterm election
- Regularly watch TV/cable news shows and read a daily newspaper
- Follow news reports about asset building issues
- Politically active
- Annual household income of \$50,000 or more and
- College educated

Discussion Guide

- Financial Success
 - The state of the economy
 - Who is getting ahead, who's being left behind?
 - The keys to financial success
- Asset Building
 - Brainstorming on the terms
 - Discussion of the concept
- Messages – reaction to statements and definitions

Research Caveat

- This research was qualitative in nature—that is, open-ended conversations with a small number of individuals
- Qualitative research is used to understand and describe attitudes and opinions, rather than to measure them
- Conclusions drawn by KRC Research and CFED reflect our interpretation and judgment

Financial Success – Key Findings

- Homeownership and financial education seen as key
- Financial education is the foundation, but not easy to acquire
- Small business and self employment viewed as least important
- Opinions on current state of economy mixed
- College-educated seen as getting ahead

Opinions about the current state of the economy are mixed

Reasons the economy is in good shape

- Low unemployment
- Less corporate downsizing
- Low inflation
- Stock markets are strong

Reasons the economy is in flux

- Fluctuating oil prices
- Unpredictable housing markets
- Transition to new sources of energy

Reasons the economy is in poor shape

- High gas prices
- High national debt
- Outsourcing
- Weak dollar
- Lack of technical skills to meet job demands
- Lack of domestic manufacturing

Who's getting ahead

- College educated
- Professionals (Drs., lawyers, etc.)
- Homeowners
- Those in IT industries
- Those who can invest and save

Who's left behind

- Blue collar workers
- Hourly workers
- Single parents (especially mothers)
- Not college educated
- Those in debt
- No health insurance

Keys to Financial Success

Unaided keys to financial success

Homeownership

Financial education

Not overspending

Education

Saving and knowing how to invest

Staying out of debt

More important to financial success

Less important to financial success

Financial education

Education

Homeownership

Saving for retirement

Health care

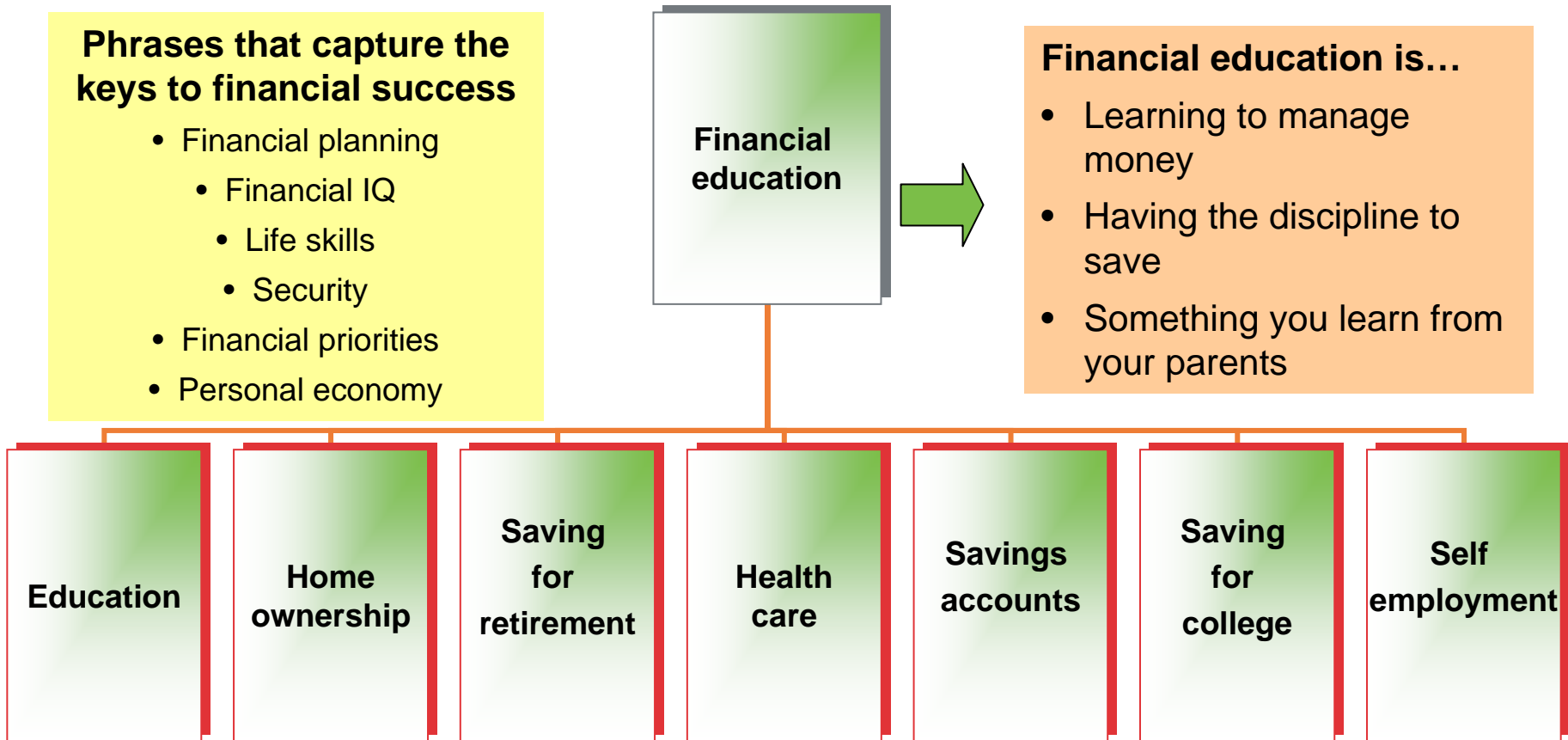
Savings accounts

Saving for college

Self employment

Aided keys to financial success

For most, financial education was seen as the foundation for financial success



Keys to Financial Success

Keys to success	What that meant to participants
Financial Education	<ul style="list-style-type: none">• Being taught proper financial management• The basis for all aspects of financial success• Having the discipline to save• A parent's responsibility to teach their children• Something that is not always easy to get• The more you know, the more you can do with your money• It allows you to be financially independent
Education	<ul style="list-style-type: none">• Gives you access to higher paying jobs (which leads to savings and a 401K)• Helps you make better choices in life
Homeownership	<ul style="list-style-type: none">• One of the major keys to building financial success• It is a proven positive investment• It is less of a gamble than the stock market• It is important but beware of predatory loans

Keys to Success (Cont.)

Keys to success	What that meant to participants
Saving for retirement	<ul style="list-style-type: none"> • Need to save to protect for the future • People live longer so saving is more critical than ever
Health care	<ul style="list-style-type: none"> • Helps get out of insurmountable debt if you get sick • It is important but not a tangible aspect of financial success and something you do not control
Savings accounts	<ul style="list-style-type: none"> • It is only relevant when talking about long-term investing
Saving for college	<ul style="list-style-type: none"> • It is important to provide for your children • It is something you do for someone else when you have financial success
Self-employment	<ul style="list-style-type: none"> • To be self employed you already have to be somewhat financially stable and have the resources in place to start a business • It is the icing on the cake • It is less of a key to financial success because so many small businesses fail • You get all the profit
Support for small business	<ul style="list-style-type: none"> • Something you do for other people

Asset Building – Key Findings

- Unaided, “asset building” associated with financially elite
- Given a limited definition, the concept gave a sense of personal responsibility and empowerment
- Mindset changes with full definition
 - Only for the poor and low income
 - Not for them
 - Government assistance
 - Alleviating poverty through asset building not seen as realistic
- Want asset building to apply to a broader audience

What we did

- Participants were asked what comes to mind when they think of the words “asset” and “asset building.”
- They were then shown two definitions of asset building and asked for their feedback after each. First they read:
 - *Asset Building is an approach to fostering financial independence. It provides individuals with tangible incentives to “save,” helping them to gain financial success.*
- Then they read:
 - *Asset Building is an approach to alleviating poverty and fostering financial independence. It provides low-income individuals with tangible incentives to “save their way out of poverty” by helping them build the kinds of assets that can transform their lives, such as continuing education, skills training, self-employment or housing.*

Assets are Associated Most with Investments and Ownership

“What comes to mind when you hear the word “asset?””



Most commonly mentioned

- Investments and stocks
- Homeownership
- Retirement accounts
- Ownership
- Security/stability
- Personal wealth

Also mentioned

- Tangible
- Skills
- Taking care of the future
- Knowledge/education
- No debt
- Family/relationships
- Gamble

Asset Building

"What comes to mind when you hear the words "asset building?"



- **Planning for the future**
- **Investing**
- **Saving**
- **Financial advisor**
- **Independence/freedom**
- **Wealth**
- **Growth**
- **Education**
- **Upgrading**
- **Staying out of debt**
- **Discipline**
- **Accumulating capital**

Opinions about Asset Building Shift as People learn more

Asset building

Asset Building is an approach to fostering financial independence. It provides individuals with tangible incentives to save, helping them to gain financial success.

Asset Building is an approach to alleviating poverty and fostering financial independence. It provides low-income individuals with tangible incentives to “save their way out of poverty” by helping them build the kinds of assets that can transform their lives, such as continuing education, skills training, self-employment or housing.



For people who already have the means to save and acquire assets, the financial elite. Not necessarily them.

This made participants believe that asset building was achievable for everyone. They felt included.

After hearing this definition, many believed that asset building involved programs only for those with low incomes. By low incomes, they frequently assumed the working poor. Again, not them.

Asset Building as an Financial Approach

“Asset Building is an approach to fostering financial independence. It provides individuals with tangible incentives to “save,” helping them to gain financial success.”

How participants interpreted the definition

- It is diverse – it encompasses all the elements of financial success

The value of asset building

- Overall:
 - It allows for financial freedom
 - It puts people in control of their finances
- To families
 - It helps build for the future and provide an inheritance
 - It helps families save for college for their children
 - It builds cohesive, financially secure families
- To the communities
 - It could help grow and develop neighborhoods
 - Provide more tax revenue that could be re-invested into the community
 - It could make people personally invested in their community
 - It could lead to cleaner communities and low crime rates

Asset Building as an Approach to Alleviate Poverty

“Asset Building is an approach to alleviating poverty and fostering financial independence. It provides low-income individuals with tangible incentives to “save their way out of poverty” by helping them build the kinds of assets that can transform their lives, such as continuing education, skills training, self-employment or housing.”

Opinions based on this description

- It highlights education which most felt is key for asset building
- Low-income people need these tools
- It is only for the “poor”
- It is a government program (a handout)
- It sounds politically motivated
- Can it realistically alleviate poverty?
- It sounds easier said than done

Asset Building and Financial Literacy

Value to low-income families

- Financial Literacy that:
 - Helps get an education
 - Helps people acquire new skills to get new jobs
 - Provides a structured approach (a plan) to building assets
 - Gives them a starting point to help them get ahead

Responsibility

- Individual
 - Most felt that responsibility lay with the individual, especially conservatives
- Government
 - Some felt that government should help to some extent, especially with low-income individuals
- Other
 - Non-profit organizations and the free market were only mentioned by a couple of participants

Assessing Language in the Definitions

What worked

- Financial independence
 - Many used this or similar terms when talking about assets
- Tangible
 - Many saw assets as being something real that a person owns and controls
- Incentives
 - Many realized that building financial stability takes discipline and the idea of incentives could help build discipline

What fell flat

- Alleviating poverty
 - For some, this was seen as too lofty a goal
- Poverty
 - Circular reasoning
- Incentives
 - While they liked the idea of incentives, they questioned what these would be

Messages – Key Findings

- Education, planning for the future and family all resonated
- Preference for broader appeal not focused on poverty and low income
- The concept of the American Dream met with mixed opinions
- References to State and Federal government action fell flat, especially among conservatives
- References to small business also did not resonate as many did not see this as a significant part of asset building

What we did

- Participants were shown nine statements about asset building and asked to highlight aspects they thought:
 - Were especially relevant to the issue of asset building
 - Did not do a good job of describing asset building
- Participants were then asked to pick the two statements that best describe asset building and the two that did not do a good job of describing this concept

Elements of a Strong Message

The foundation for achieving financial success rests on two pillars: first, a family's ability to invest for the future, save for retirement and send children to college; and second, safety nets that provide financial security in the event of a job loss, medical emergency, or other life events that could otherwise put a family in a tailspin. Asset building allows families to be prepared and achieve their dreams.

- ❑ This message had a broader appeal because it did not focus solely on those with low incomes
- ❑ The emphasis on planning for the future was a concept that participants could identify with
- ❑ The idea of “families” was powerful because asset building becomes even more important once one has a family
- ❑ The reference to education was also compelling as most felt this was the vital key to being able to build assets and get ahead

Education Message

Education is the first step toward building assets and helping people get ahead. Working Americans who are well-educated and well-trained provide future returns for society by creating a workforce that is productive, agile, and responsive to economic changes.

- For most, education was seen as the starting point in building assets, on which all other components are built
- However, participants defined “education” in different terms:
 1. A college degree as a means to getting a well-paid job
 2. Being financially literate and knowing how to build assets
 3. Vocational training to be able to acquire new skills as the job market changes
- As a result, they felt education needs to be talked about in the broadest sense for the concept of asset building to be of value to the greatest number of people
- Education was also seen as an important part of helping the nation develop economically and keeping jobs in the country

Homeownership Message

Homeownership represents the single largest component of household wealth and is one of the biggest success stories in the financial security picture. Because mortgage payments can be substituted for rent, even households with modest incomes can build assets through homeownership. States need to ensure low-income families have the resources to help them afford to buy a home and build assets.

- As with some of the other messages, most Conservatives did not think state governments need to play an active role when it comes to asset building
- Several Democrats, on the other hand did feel that States could play a role and should help people. However, if States do play a role, many felt all residents should benefit, not just those with low incomes.
- The words “low-income” made participants believe that asset building solely involves programs for the poor and felt that it should have a broader aim and include the middle classes (people like themselves).

Debt Message

Rather than owning and getting ahead, Americans are going into debt and are falling further behind. Asset building programs and policies are vital to ensuring that all can have equal access to the wealth and promise of the American economy.

- Participants needed to know more about the policies and programs mentioned in this message before they could determine how vital they are
- Some did not agree that Americans are falling behind, explaining that homeownership in the country is on the increase
- Further, the term “equal access to wealth” had a ring of socialism to it

Policies and Markets Message

The responsibility for achieving financial success is primarily that of the individual. However, government policies and financial markets can determine how much opportunity individuals have to prosper, and how well protected their hard earned savings and assets are.

- Low-income people have more pressing needs
- Further, the reference to government policies sounded too much as though the government has control over people's finances

Small Business Message

Small business creation has been the route into the middle class for many Americans. There has been increasing entrepreneurial activity in recent years, and some states have found effective ways to foster entrepreneurship, and help people achieve financial independence.

- ❑ For many participants, this statement did not ring true. They felt that often small businesses fail, making it harder for people to get ahead and leaving them in debt
- ❑ Further, they felt that one needs at least some assets to even begin to start a small business
- ❑ In addition, some participants felt that the tone of this message was too political, too slick

Executive Summary – Financial Stability

- Financial literacy and homeownership are the aspects of financial stability and asset building opinion leaders feel are most important
- In many cases, financial literacy was seen as the foundation for all other forms of asset building
- Homeownership was seen as a proven and safe way to help build assets
- While the other aspects of asset building were viewed as important, self-employment was seen as either a bonus or something done by people who already have assets

Executive Summary – Asset Building

- Participants reacted favorably to the concept of asset building
- However, talking about asset building only in terms of the poor and low-income tended to marginalize the concept and make it less personally relevant. These opinion leaders were more interested if it was talked about in a broader sense.
 - Alleviating poverty through asset building seemed too lofty a goal
 - The term “low-income” made participants think of a group of people they believed would never be in a position to build assets. They also felt it excluded a large group of people they felt could possibly benefit (e.g., working families) – and it excluded them from the issue
- That said, opinion leaders saw distinct value in building assets for both families and communities

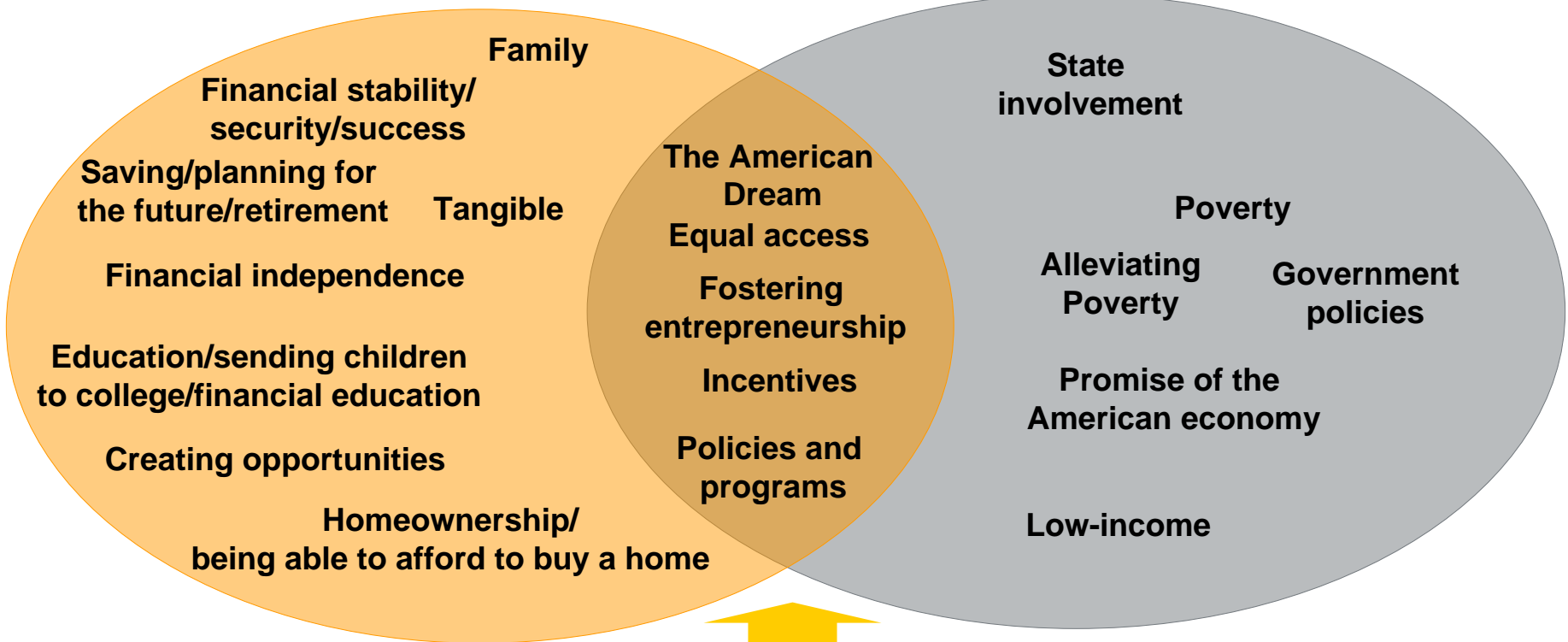
Messaging Summary

- Use financial literacy, homeownership and education as lead issues in talking about asset building
- Position financial literacy as the foundation for asset building, as most see it as the entry point to all other components
- Stress the language of planning for the future, family, financial security and opportunity
- Emphasize personal responsibility and independence over government projects and programs
- Posing issues only in terms of the “poor” and “low-income” makes messages no longer inclusive nor personally relevant for many

Asset Building Language

What Worked

What fell flat



The words in the overlapping area received mixed responses
They resonated for some but not all

Using Personal Stories

- The Paradox of Individual Stories
- Positive
 - Illustrate and inspire
 - Reporters love them
 - Part of why we do what we do
- Negative
 - Focuses audience on individual causes and solutions
 - Can erode support for social policy & government

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