

Testing the Long-term Impacts of Individual Development Accounts and Asset Building on Social and Economic Well-Being

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Durham, NC

The Annie E. Casey Foundation

- Founded in 1948, the primary mission of the Annie E. Casey Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs.

Genesis of Asset Field: 1990s

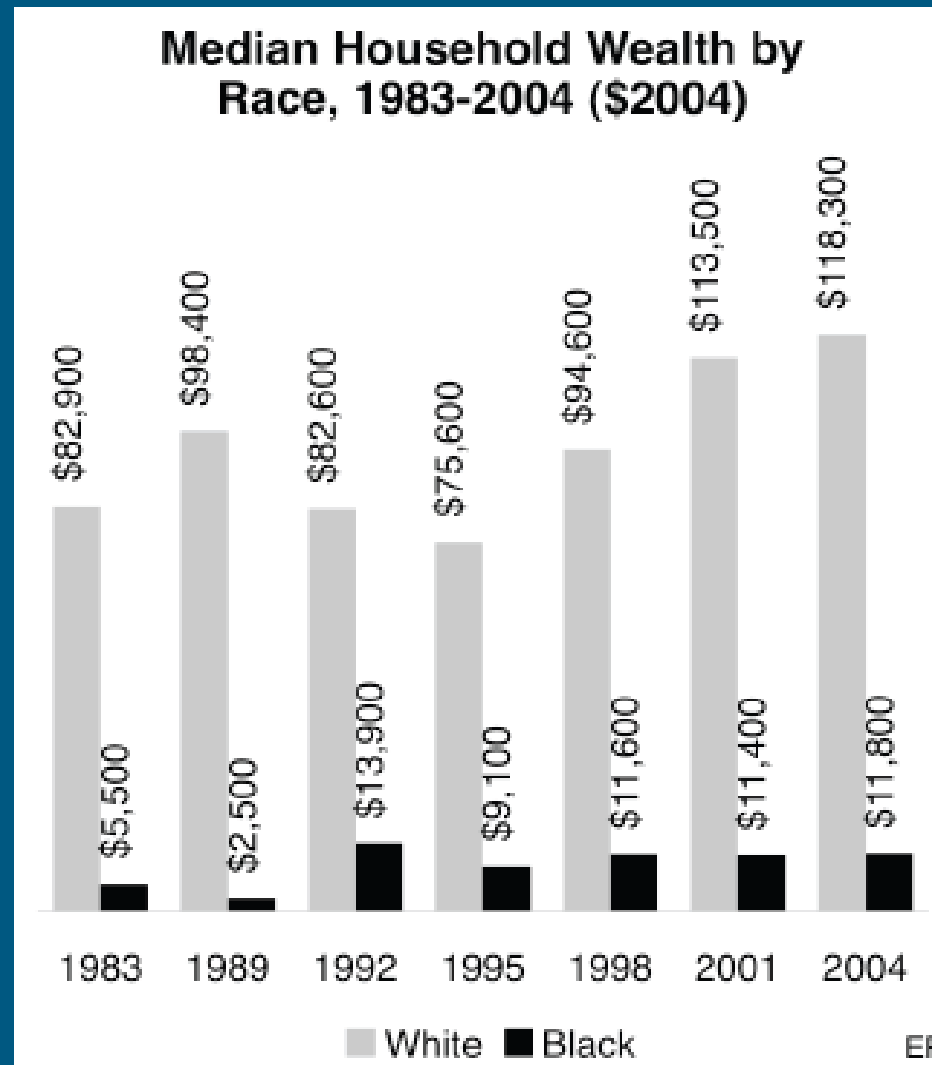
- Moving beyond income supports to address long term economic well-being
 - Individual Development Accounts
 - Financial education
 - Access to financial services and products
- Can the poor save?
 - Yes! The poor can and do save, given appropriate incentives.
 - Savings are not correlated with income. Lower income families actually saved a higher proportion of income.

Fast forward: 2000s

Increased financial insecurity

- Economic downturn
- Bankruptcy
- Foreclosure
 - Loss of home
 - Dislocation
 - Spillover effects to neighbors, community, and city
- Medical debt
 - Not just the uninsured
- Rising costs of food and fuel
- High cost credit to meet expenses

The Problem: Growing Wealth Disparity



The High Cost of Being Poor

- Low-income families spend more for the basics
 - Transportation
 - Housing
 - Insurance
 - Food
 - Childcare
 - Financial Services
- Time is money
- Wealth stripping practices are alive and well in many communities

The Asset Field Today

- Assets important to financial security and an accepted part of anti-poverty work.
- IDA field now serves 20,000 families
- ADD4 research providing valuable evidence of the long term effects of asset development
- Broad array of options for saving and investing
- Alternatives to expensive, accessible products

The Asset Field Today

- Behavior change, not lack of information
 - IDAs and behavioral economics
 - Financial coaching
- Credit reports, scores, and repair
- Preserving and protecting assets (curbing predatory products and practices)
- Debt mitigation
- Asset platform
- Indicators

Questions?

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