



# Assets for Independence



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

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# Agenda

- Asset Building and Individual Development Accounts
- AFI Program Overview
- AFI Funding Opportunity in FY 2011
- Questions and Comments

## Financial Asset Building

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

Michael Sherraden  
Center for Social Development

# Financial Asset Building Tools

- Saving

- 1-6 month cash reserve (nest egg)
- Purchase long term assets



- Financial Education

- Improve credit score
- Reduce debt, create budget
- Use safe financial products
- Financial Education

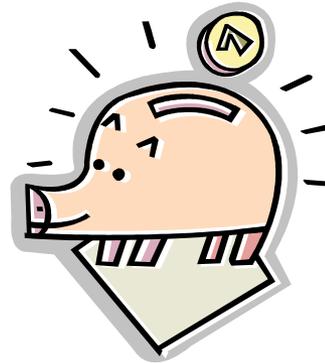


- Getting Banked



# Individual Development Accounts

- Matched savings accounts in banks or credit unions
- Participants deposit earned income regularly, receive matching funds, purchase a financial asset

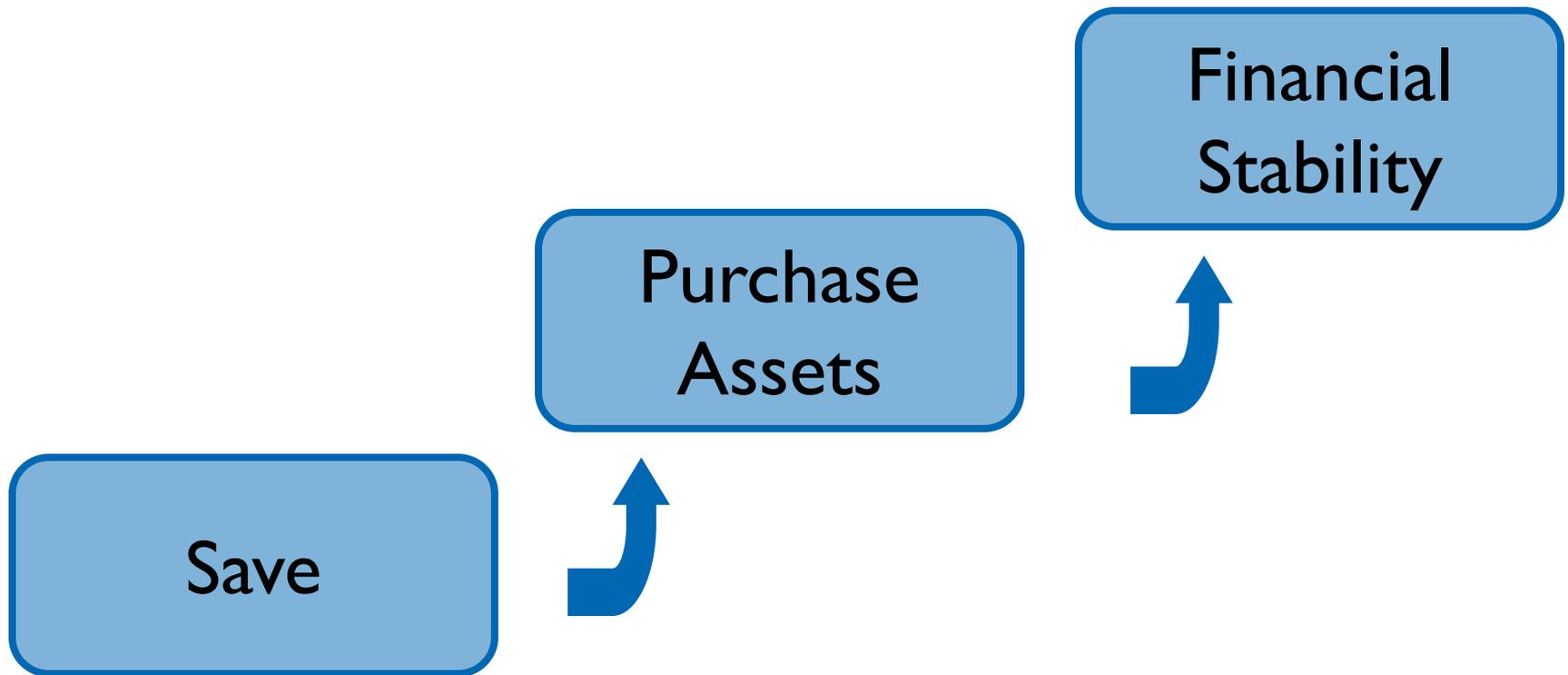


# Financial Assets Matter

- Move past paycheck to paycheck
  - Toward long-term financial stability
- Stronger, Healthier Families
- Enhanced Self-Esteem
- Long-term Thinking and Planning
- More Community Involvement
- Hope for the Future



# IDAs: A Hand-Up To Financial Stability



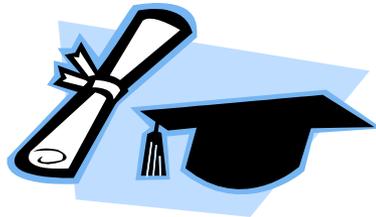
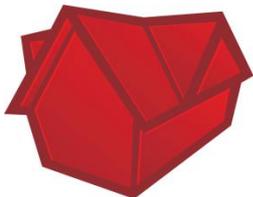
# Assets for Independence Program

*A 5-Year Federal Grant Program*



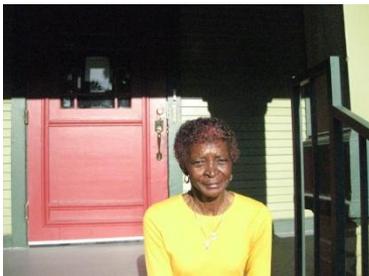
# AFI IDA Participants

- Learn about financial and consumer issues
- Save in IDA Accounts
- Purchase Financial Asset
  - First home
  - Higher education or training and/or
  - Small business



# A Snapshot of AFI Participants

- 75,000 + IDA accounts and growing
- 80% of participants are women
- Many single parent households
- IDA is first savings account for most participants



## AFI Projects

- 400 projects throughout the nation
- Projects partner with financial institution
- Projects located within multi-purpose non-profits
- State, local or Tribal governments
- Multi-site networks of organizations



# Examples of AFI Project Grantees

- Community Action Agencies
- Community Development Corporations
- Community Development Financial Institutions
- Credit Unions
- Faith-Based Organizations
- Government Agencies
- Housing Finance Agencies
- State-Wide and Multi-State Associations
- United Way Organizations
- Workforce Development Agencies
- Youth Agencies
- Tribal Governments

# Participant's Perspective



## EXAMPLE



- Kim needs a home
- She needs \$6,000 for down payment and closing costs
- Opens IDA and receives financial education, debt counseling and home ownership information
- Receives savings match at a rate of \$2 for every \$1 saved in her IDA
- Kim saves \$2,000 – \$55 per month over 3 years

# Kim's IDA

\$2,000 Kim Saves

\$2,000 Federal

\$2,000 Non-Fed

\$2000  
Savings

\$4000  
Matching

\$6000 for  
Home

# Grantee Perspective



## Key Topics

- Project Funding – Federal and Non-Federal
- Project Reserve Fund
- Flexible IDA Savings Match
- Participant Eligibility



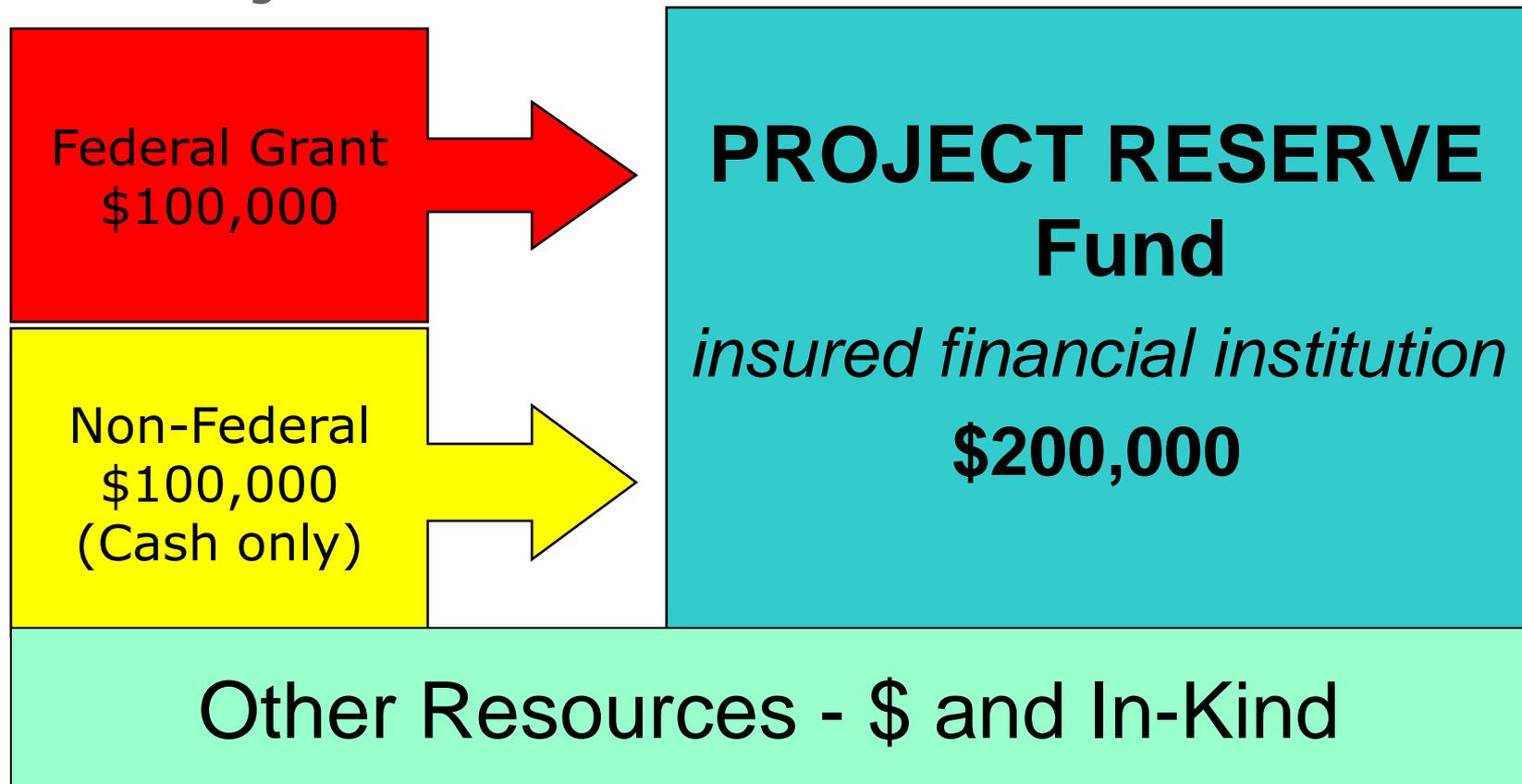
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## Project Funding

- Five Year project grants
- Non-Federal cash equal to or greater than the Federal grant amount
- Federal grant funds and non-federal cash are subject to program rules

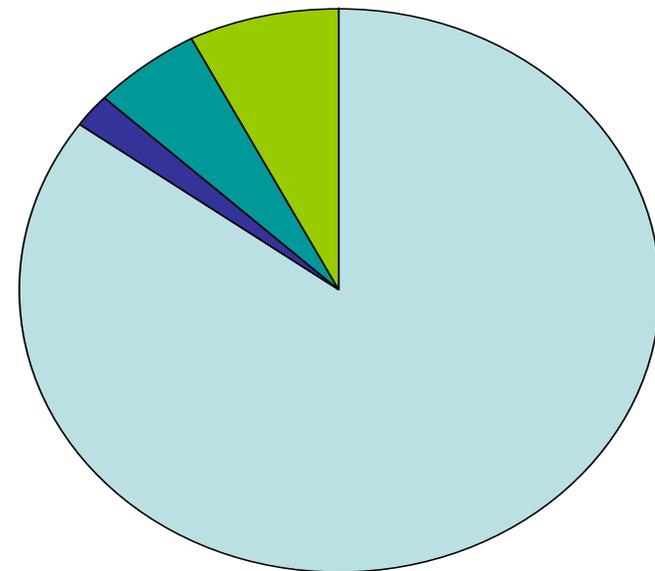


# Project Reserve Fund



# Project Reserve Fund Uses

- At least 85% to match IDA savings
- Up to 13% for financial education and other activities
- At least 2% for data collection



Savings Match
  Data Collection

Econ Education
  Other Admin

# Non-Federal Funding Source – Examples

- Financial institutions
- Foundations
- United Way organizations
- Corporations / Employers
- Faith-based organizations
- State, local and Tribal governments



# Flexible IDA Savings Match Structure

- IDA Savings Match Rates can range from \$1 match for \$1 earned income saved to \$8 match for \$1 earned income saved
- Maximum Federal Contribution
  - \$2000 per individual
  - \$4000 per household



# Participant Eligibility

- TANF-eligible in their state  
OR



- Meet both of the following two criteria

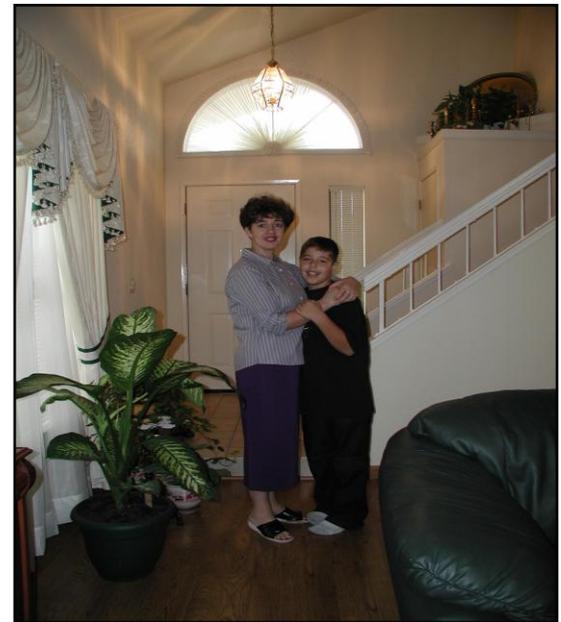
Income: twice the poverty guidelines (about \$44,000 for family of four) OR EITC eligible

AND

Net worth: maximum \$10,000 (less one residence/one vehicle)

- Administrating agencies may apply additional eligibility rules

# Application Requirements / Processes



## AFI Application Overview

- Annual Review Cycles – Winter, Spring, Summer
- Up to \$1,000,000 (average \$325,000)
- \$19,000,000 available in FY 2011
- 50-60 funded projects



# Role for Interested Organizations

- Apply for funding and manage an AFI Project! 
- Partner with on-going AFI Projects in your service area by:
  - Encouraging clients to join AFI Projects
  - Providing financial education in partnership with AFI Projects
  - Become a sub-grantee





# Let's Talk Soon

AFI Resource Center

[info@IDAresources.org](mailto:info@IDAresources.org)

1-866-778-6037

<http://www.IDAresources.org>

