

ASSET Initiative

Six Fundamental Asset Building Strategies

Families stand a better chance of escaping poverty if they know how to use their money and resources effectively, and grow their financial assets over time. The ASSET Initiative, a collaborative effort within the Administration for Children and Families (ACF), brings together ACF offices and their partner agencies and organizations at the State and community levels to extend the benefits of asset building services to more individuals and families across the nation.

The ASSET Initiative highlights six asset building strategies: Financial Education; Savings and Individual Development Accounts; Getting Banked; Managing Credit and Debt; Tax Credits and Tax Filing Assistance; and Accessing Federal and State Benefits. ACF grantees, partners, and staff can incorporate these strategies into their efforts to support individuals and families. The programming ideas are examples of how agencies and organizations can incorporate asset building into their work with families to improve their financial stability.

Contact the Administration for Children and Families Assets for Independence (AFI) Resource Center (www.IDAresource.org) for more information on bringing asset building to the families you serve.

Financial Education

Families must understand basic financial concepts to set achievable financial goals and progress toward them. Financial education gives families information and skills to make sound decisions about budgeting, using mainstream financial institutions, saving, managing credit, setting aside funds for emergencies, accessing available tax credits, and more. Adults with knowledge about financial matters and skills in financial decision-making are more likely to plan for retirement, have an emergency fund, and make better investment choices in general, and are less likely to engage in credit card behavior that generates high interest payments and fees. Organizations interested in providing financial education to help families develop capacities for budgeting and other financial issues have access to a range of tools and resources, including those available at www.idaresources.org/financial_education.

Programming Idea: Offer evening classes on family budgeting and money management, adapting the resources on www.IDAresources.org to the unique needs of the population you serve.

Savings and Individual Development Accounts

Building a nest egg of cash savings to help stay afloat in case of job loss, health crises, or other emergencies is an important step toward financial stability. It is also the start of building wealth, which can be leveraged to acquire lasting assets. Assets for Independence (AFI) is an ACF program that supports local nonprofits and government agencies that provide matched savings accounts called individual development accounts (IDAs) to enable low-income and low-wealth people to save regularly small amounts of earned income for specified goals in defined timeframes. With IDAs, savers receive a match on their deposits, enabling them to grow their account balance on an accelerated schedule. The AFI IDA savings goals are homeownership, small business ownership, and postsecondary education. IDA participants have the option to transfer their IDA benefits to their dependents.

Programming Idea: Apply for an AFI grant to begin providing IDAs to the families you serve or refer your families to a local AFI IDA provider, using www.IDAresources.org and clicking on Locate a Project Near You.



Assets, Savings, Support, Education and Training
A Partnership to Encourage Asset Development

Getting Banked

Connecting to mainstream financial institutions and products means paying less for necessary financial transactions, such as cashing checks and paying bills. Many families are vulnerable to predatory financial practices, such as being charged fees for cashing paychecks or high interest for taking out small loans until the next payday, thereby losing real wages. Some families fall further into debt because they use high-interest credit cards to pay medical or other bills. Being banked includes getting help opening savings, checking, and money market accounts, using direct deposit, and accessing financial products best suited to the needs of individuals and families.

Programming Idea: Partner with local credit unions and banks to create no-cost savings accounts for your families and help them to establish direct deposit with their employers.

Managing Credit and Debt

Many families with low incomes face challenges related to credit and debt. Poor credit scores resulting from lack of knowledge or lack of access to fairly priced financial products—or no credit history at all—mean that qualifying for a good mortgage or small business loan is unthinkable. Even the odds of landing a better job plummet when a background check reveals a weak credit history. Credit counseling helps people learn to manage and reduce debt and take positive steps to improve credit. Families can understand and manage good debt (such as a loan for college education) and avoid bad debt, including high-interest credit cards.

Programming Idea: Talk with families to identify households in need of credit and debt counseling and connect those families to reputable and trustworthy providers.

Tax Credits and Tax Filing Assistance

Tax credits, such as the Earned Income Credit (EITC), Child Tax Credit, and the Child Care Credit lift more families above the poverty line annually than any other poverty-reduction effort. In a recent year, nearly 26 million families received \$57.7 billion due to the EITC alone. Still, according to the Internal Revenue Service (IRS), up to 25 percent of EITC-eligible families do not know about tax credits and an even greater percentage do not maximize their refunds by claiming all available credits. Through a partnership with the IRS, ACF is disseminating information to assist grantees and partners nationwide to coordinate with State and local tax assistance coalitions that include free tax preparation assistance.

Programming Idea: Join your local tax outreach coalition. Apply to the IRS to become a VITA site—or partner with an existing VITA site—to provide free tax preparation that ensures families claim the Earned Income Tax Credit and all other credits.

Accessing Federal and State Benefits

While a long-term goal of asset building is to reduce the need for benefits, many families require support in the short term. Low-wage workers, in particular those earning close to the minimum wage, can receive thousands of dollars in additional income and services through Federal and State programs. Many such supports are underused. For example, only about 60 percent of eligible families in the U.S. actually participate in the Supplemental Nutrition Assistance Program (SNAP). Other programs include Temporary Assistance for Needy Families (TANF), Low Income Home Energy Assistance, and the State Children's Health Insurance Program. Accessing Federal and State benefit programs can not only help with daily living expenses, but also help families to save and build assets.

Programming Idea: Create linkages with Federal and State programs and be sure staff who work with families understand how to refer them to these programs.