

Financial Education and Matched Savings: Helping Low Income Communities Build Assets

**Co-hosted by HUD Office of University Partnerships
and the AFI Resource Center**

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Webinar Logistics

- The webinar is being recorded and will be available on our website along with the presentation
- All participants have been muted to ensure sound quality
- If you have any questions before and during Q&A:
 1. Go to the Q&A panel on the right-hand side
 2. Type in your question
 3. Click “Send”

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Assets for Independence

Special federally funded 5-year grants to organizations that enable accountholders to ...

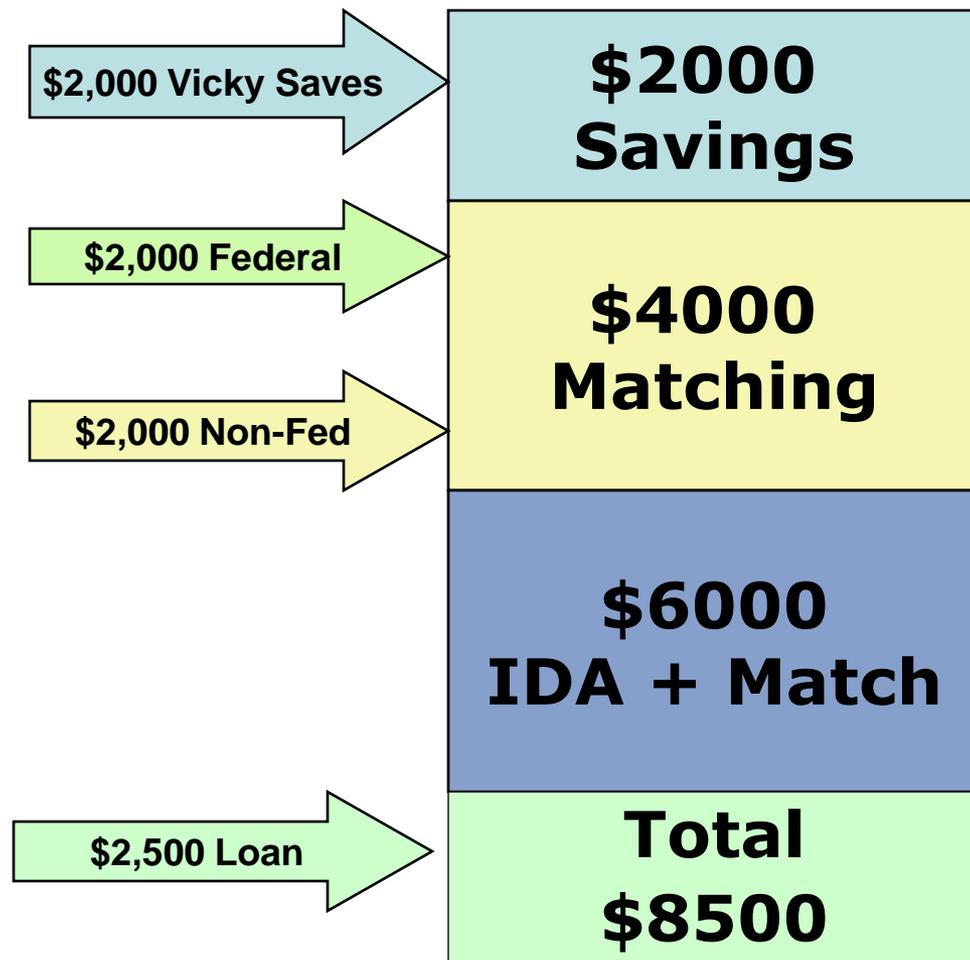
- **Learn** about financial and consumer issues
- **Save** in Individual Development Accounts

In order to ...

- Become more self-sufficient and plan for the future
- Invest in an asset

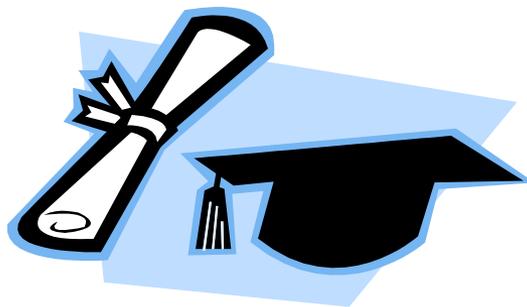
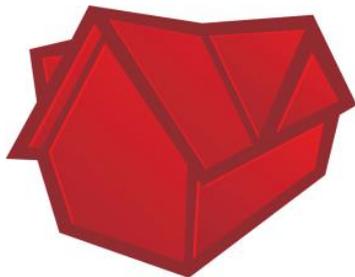
Small Business IDA Example

- Vicky, a single mother, dreams of starting her own business
- Match rate is \$2 for every \$1 saved in her IDA
- Vicky saves \$2,000: \$55/month over 3 years
- AFI grantee provides financial counseling and business planning classes
- Partner provides free tax preparation assistance so she can claim the EITC
- Vicky receives additional \$2,500 from other microenterprise loan sources



Common in all AFI IDA programs

- Financial education & asset-specific training
- Save earned income
- Purchase an asset (first home, higher education or training, small business)
- Partners!



Benefits of partnering with AFI

- **Connect** entrepreneurs with an immediate source of capital to grow their businesses
- **Help** clients strengthen money management skills and establish long-term financial security
- **Increase** the effectiveness of microenterprise programs/ improve chances of success for entrepreneurs
- **Increase** graduation rates and **decrease** debt for low-income students

Benefits of AFI for the College Access Program

- Mission alignment – low-income students
- Fill the gap left after grants and scholarships
- Double your scholarship dollars
- Boost fundraising from your donors
- Increase parent involvement
- Build life skills with financial literacy training

Allowable Uses of IDA Funds

Asset	Small Business
<p>Primary Guidelines</p>	<ul style="list-style-type: none"> • May use match funds for any business expense included in the approved business plan, such as capital, plant, equipment, working capital, and inventory • Must have business plan approved by financial institution, microenterprise development organization, or nonprofit loan fund having demonstrated fiduciary integrity and that includes description of services or goods to be sold, marketing plan, and projected financial statements • Business must be legal • <i>IDA and match funds must be paid into the business capitalization account or to vendors</i>
<p>Practice</p>	<ul style="list-style-type: none"> • Often involves multiple matched withdrawals over time, up to the maximum set by the AFI project • May not be used to pay back previous loans

Allowable Uses of IDA Funds

Asset	Postsecondary Education/Training
<p>Primary Guidelines</p>	<ul style="list-style-type: none"> • IDA and match funds may be used for tuition and fees, books, supplies, and equipment required to attend or for courses at an eligible educational institution • ‘Eligible educational institution’ means either it is accredited by the Department of Education or verified as an eligible institution under the Perkins Vocational and Applied Technology Education Act • <i>IDA and match funds must be paid directly to the eligible educational institution</i>
<p>Practice</p>	<ul style="list-style-type: none"> • Develop career and education plan • Books, supplies, equipment, such as computers, may be acquired from any eligible institution, not just the school of attendance • Often involves multiple matched withdrawals over time, up to the maximum set by the AFI project • For degree, certificate, or stand-alone courses • May not be used to pay back previous loans

Allowable Uses of IDA Funds

Asset	Home Purchase
<p><i>Primary Guidelines</i></p>	<ul style="list-style-type: none"> • IDA and match funds may be used for costs of acquiring, constructing, or reconstructing a residence, including reasonable settlement, financing, or other closing costs • Must be first home: no ownership interest by the participant for 3 years prior to contract for sale • Sale price may not exceed 120 percent of average area price • <i>IDA and match fund checks must be paid to the lender or others handling settlement process</i>
<p><i>Practice</i></p>	<ul style="list-style-type: none"> • AFI project may require copy of sale contract or documentation from lender of the dollar amount needed for closing prior to closing • AFI project usually receives a copy of the settlement statement to document purchase price and distribution of funds

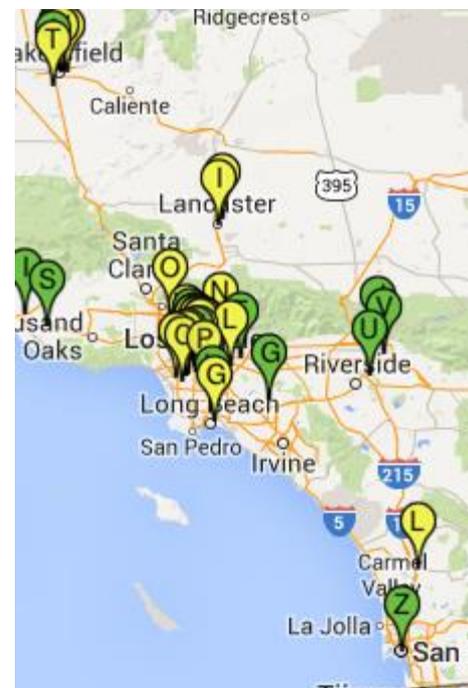
AFI Projects

More than 350 projects throughout the nation

- 501(c)(3) non-profits
- State, local, and tribal government agencies
- Community Development Financial Institutions
- Low-income designated credit unions
- Consortia of organizations and agencies that target multiple service areas (network projects)

Locate a grantee near you:

www.IDAresources.acf.hhs.gov/Map



Operate your own AFI project

Responsibilities include:

- **Designing** the project and applying for AFI funding
- **Developing** the required non-federal cash contribution
- **Working** with financial institution partners holding the Project Reserve Fund and IDAs
- **Publicizing** the IDA program
- **Screening** and enrolling participants
- **Providing** participants with case management and connect them to other asset building services like free tax preparation

Operate your own AFI project (cont'd)

Responsibilities include:

- **Providing*** financial education classes
- **Providing*** training to prepare participants to purchase their assets - homebuyer classes, business plan development, and/or college prep
- **Managing** the project finances
- **Assisting** participants with opening the AFI IDAs and monitoring their savings and withdrawals
- **Assisting** participants with asset purchase

* or finding a partner to provide

Operate your own AFI project (cont'd)

Responsibilities include:

- **Assisting** those who make emergency withdrawals or drop out of the project
- **Raising** funds and in-kind resources to support the project
- **Reporting** to OCS and other funders
- **Providing** data for the AFI program evaluation

IDAs and Microenterprise Programs

Key Strategies for Integration:

- Provide free business technical assistance for individuals who have completed savings in their IDAs
- Link access to IDA funds to completion of at least 10 hours of business counseling and a business plan following the completion of 16 hours of financial education training
- Base qualification for a microloan on completion of financial education and six months of deposits in an IDA

IDAs and Microenterprise Programs (cont'd.)

Key Strategies for Integration:

- Institute a loan review process that features more favorable consideration of the account holder's financial situation when there is stability demonstrated by IDA participation
- Enhance microcredit loan terms, such as interest rates, based on IDA participation, such as regular saving for a minimum of six months in the IDA
- Pre-qualify IDA savers for a microloan up to the saved amount
- Reduce interest on microloans for account holders based on the amount saved in the IDA



United Way
of Central Alabama, Inc.

GIVE.ADVOCATE.VOLUNTEER.
LIVE UNITED



Birmingham, Alabama
DeForrest Brown,
Assistant Vice-President Financial Stability
Partnership of Alabama

About - *United Way of Central Alabama*

- United Way of Central Alabama, Inc., formerly The Birmingham Community Chest, was organized in 1923 with 31 agencies and a goal of \$450,000.
- Today, United Way of Central Alabama is a volunteer-led, nonprofit organization that addresses key health and human service issues by leading community coalitions and by being accountable for stewardship of resources.
 - More than 80 member agency partners
 - Over 7,000 volunteers
 - 2013 Raised - \$37,903,729
 - Grant Income - \$6,631,552

Why AFI?

- What was the impetus for the development of the IDA program?
 - High level of interest statewide
 - No state funding available to implement IDA program
 - Alabama Asset Building Coalition formed to address the growing need
- How does the IDA program fit with your organization's other programs, its mission, and its business goals?
 - Mission: To increase the organized capacity of people to care for one another and to improve their community
 - Envision financial stability for all Alabamians
 - Help Alabamians achieve homeownership, education, and small business capitalization goals.

IDAs at *United Way of Central Alabama* (cont'd)

Demographics of savers

- Located statewide, 90% enrollees are female with children
- Number of savers - 703
- Number of graduates - 265
- Dollars saved, match earned, outside funds leveraged (i.e., mortgage/business/education loans, scholarships, other forms of financial assistance)
- **Assets Purchased**

Assets Purchased	Value of Assets
– 124 – 1 st Time Homeowners	\$12,519,932.74
– 102 – Post-Secondary Education	\$417,205.98
– 39 – Small Business Capitalization	\$200,997.03
- **Total Value = \$13,138,135.75**

IDAs at *United Way of Central Alabama* (cont'd)

- Match rate, savings goal, savings period
 - 2:1 match rate, savings goal - \$2000, savings period – 24 months
- What are the day to day activities of the IDA program and how does your staff deliver them?
 - United Way administers grant and manages all reports and back office financial activities,
 - AFI Specialist contact and enroll applicants
 - Partner Agencies conduct financial education and asset specific sessions
 - Partner Banks host participants accounts and reserve accounts
- How many hours per week does staff spend on the IDA program?
 - 2.5 FTEs - average staff time 40 hrs. a week per staff

IDAs at *United Way of Central Alabama* (cont'd)

- Who are your IDA partners?
 - Financial Institutions, Nonprofits, Foundations, Corporations, Community Action Agencies, Local government, Coalitions
 - Ex. –Tuskegee/Macon Community Development Corporation
 - Three Small Businesses:
 - Perfect Size Shoe Store,
 - Dreamland Styles' and Apprentice Training Center, and
 - Nature's Own Carol Spring Water

- Who are your IDA funders?
 - Financial Institutions, Foundations, United Ways, Corporations
 - Tuskegee/Macon CDC participants used local match funding from the Black Belt Community Foundation



Lessons Learned

- What would you say are the greatest benefits to your organization of having an IDA program? (not just the benefits for your clients)
 - Working with partners, organizations, and people across the state
 - Maximizing community resources
 - Seeing family dreams of homeownership, post-secondary education, and small business capitalization become a reality
- What are the biggest challenges, and how have you overcome them?
 - Housing Crisis
 - No State funding for local match
 - Natural Disasters

Lessons Learned (cont'd)

- How can an organization like yours know if it is in a good position to run an IDA program? What “screening questions” would you have them ask themselves?
 - Do you have local matching funds in place?
 - Are financial institutions available to host accounts?
 - Does your organization have staff to manage an IDA program?
 - Who are my financial education partners?
 - What program size is right for my organization?

United Way Financial Stability Partnership™ of Alabama

DeForrest Brown

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Financial Stability Partnership

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United Way
Financial Stability
Partnership

AFI Resource Center

- Web site: www.IDAresources.org
 - Resources for current grantees, prospective grantees, project partners, and others interested in asset-building
- AFI outreach workshops and webinars
- One-on-one technical assistance
- AFI e-newsletter – *IDAResources.org Update*
- *AFI Project Builder: A Guide to Planning an Assets for Independence Project*



[About AFI Resource Center](#)

[About AFI](#)

[Success Stories](#)

[Locate a Project Near You](#)

[Apply for an AFI Grant](#)

[e-Newsletter](#)

Welcome to the Assets for Independence Resource Center.

The AFI Resource Center is your one-stop source for information on the Assets for Independence program and Individual Development Accounts (IDAs). Here you can quickly learn about the AFI program and IDAs, how to apply for an AFI grant, and how to administer an AFI project. Come here for tips and to learn about best practices for providing and using IDAs and related services.

> Announcements

[AFI Grant Application Orientation Webinars](#) ▶

The AFI Resource Center is offering a spring webinar series for prospective grantees and project partners. [Register online](#) now to participate in these interactive calls to learn more about AFI application requirements and procedures.

[AFI Now Accepting Applications for Funding](#) ▶

The Office of Community Services is accepting applications for funding new AFI projects now! The **28** deadline for the next application cycle is March 31, 2011. [Read more...](#)

> Topics & Tools

General Information

Managing Your AFI Project
Guidance and forms for grantees

Financial Education
Deliver effective financial training

Populations

Domestic Violence Survivors
Helping Domestic Violence Survivors Build Assets

Fundraising

The AFI System

Building Assets

Next steps:

1. Request a copy of the Application Kit & set up a call with the AFI Resource Center
2. Sign up for upcoming webinars
3. Build support within your agency for an AFI project

AFI Application Deadlines

Fiscal Year	Deadlines	
FY 2014	May 7, 2014	July 14, 2014
FY 2015	October 25, 2014	April 20, 2015
FY 2016	October 19, 2015	April 18, 2016

Applicant Webinar Series

Webinar 1: Planning an AFI Project	Webinar 2: Preparing a Successful Application	Webinar 3: Developing Resources and Partners
April 3	April 16	April 29
May 8	May 21	

For more information and to register:
<http://IDAresources.acf.hhs.gov/Calendar>

AFI Resource Center Contact Information

Phone: 1-866-778-6037

Email: info@IDAresources.org

Web: <http://IDAresources.org>
<http://www.acf.hhs.gov/assetbuilding/>