

# Individual Development Accounts (IDAs)

Julie Riddle, MSW  
Director of Family Support Services



# The Family Conservancy and Our History with IDAs

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- One of the oldest and largest non-profits in the Kansas City Metropolitan area
- Historically the agency focused on counseling and early childhood education – CCR&R; Professional Development; Head Start
- As the community and agency evolved, Financial Stability took on greater importance and priority within the agency



# The Problem

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- Part of the Agency's mission is helping to ameliorate the effects of poverty
- Staff were frustrated because of repeated "band aid" approaches
- The community needed a systemic approach to address the root cause of many of the problems our families faced - poverty



# The Connection

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- Community initiative partnership with the University of Kansas
- Corporation for Enterprise Development's American Dream Demonstration
- The Ewing Marion Kauffman Foundation in Kansas City
- Three Assets for Independence grants: 1999, 2001; 2004



# What are IDAs?

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- Dedicated, matched savings accounts for low-to-moderate income families, designed to help build long-term financial assets
- Premise based on seminal work by Michael Sherraden, Washington University in St. Louis
- IDAs are not a “grant” or a give-away
- Matching funds are based on participants’ own deposits



# What are IDAs?

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- Savings only can be used for specific purposes
- Homeownership, typically first-time home ownership
- Post-secondary education, the limits of which are defined by the funding sources
- Small business development or expansion
- Some programs include home repair, automobile purchase or retirement



# What are IDAs?

- IDAs have multiple purposes
  - To help families build assets and create parity in the wealth creation system in the United States
  - To help families develop the habit of regular savings
  - To help connect account holders with the economic mainstream
  - To help foster hope and a more positive future orientation

Why assets? Home ownership, post-secondary education and micro enterprise all have  
Important added benefits



# What are IDAs?

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- Participants save monthly (Usually over a one to three year period)
- Savings are matched by funders in the community, with varying match rates.
- Typical funders include committed businesses, agencies, financial institutions, foundations, faith organizations and state and local governments



# What are IDAs?

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- IDAs have three main components:
  - Matching funds
  - Economic education or financial literacy
  - 1:1 support or case management



# What are IDAs?

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- Matching funds:
  - Participants have individual savings accounts in their own names
  - Accounts are no-fee, interest bearing savings
  - The community-based organization administering the program monitors participant accounts and provides statements monthly, indicating participant deposits and match





# What are IDAs?

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- Education
  - General financial curriculum
    - Money Smart; Pathways to Prosperity
  - Asset specific curriculum
- Classes offer peer support as well as education



# What are IDAs?

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- 1:1 support (case management)
  - Instrumental in establishing rapport and developing trust with participants
  - Useful in budgeting and goal setting phase, as well as helping to problem solve when savings becomes difficult



# Who is Eligible?

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- Income eligibility: 200% of poverty, EITC
- Participants must have earned income in household
- Household net worth cannot exceed 10,000
- Participants must have valid taxpayer identification
- Must have photo ID





# Statistics and successes

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- There are over 500 IDA programs nationally, serving thousands of participants
- The Family Conservancy's Family Asset Building Program
  - 189 homes purchased; 38 home repairs; 89 small businesses; 201 saved for college or trade school; 27 saved in IRAs
  - 12 participants used funds to support their family childcare businesses





# Finding a Program

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- [www.idanetwork.org](http://www.idanetwork.org)
  
- [www.acf.hhs.gov/programs/ocs/afi/states.html](http://www.acf.hhs.gov/programs/ocs/afi/states.html)