



SEDI


learn\$ave  *\$avoir en banque* 

IDAs in Practice

**Presentation to ABCD conference
February 24, 2004**




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Our vision

SEDI envisions a society where there is an end to barriers that prevent individuals from realizing their full economic and human potential and where social, cultural and economic supports are available to enable people to learn, take risks, invest wisely and participate in the economic mainstream.



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Project background 

- 1997 – June 2000: broad consultations, focus groups, market research, cost analysis, etc..
 - Broad interest and intuitive appeal
 - Lack of evidence and experience in Canada
 - Confirmed a strong case for government investment in an IDA demonstration project



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Project Objectives:

- Demonstrate the effectiveness of asset-building and IDAs for adult learning in Canada
- Build a larger field of practice
- Inform policy
- Develop a model for roll-out



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Program Design

- **SEDI:** Program design and management
- **SRDC:** Research design and evaluation
- **HRDC:** Funding (total of \$35 M, over 9 years)
- **Community Partners:** Program delivery (10 sites)
- **RBC / Caisse Desjardins:** Financial services



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Program Design

Account:	Modified existing bank product
Match rate:	\$2 : \$1 up to \$5 : \$1, avg. is \$3 : \$1
Savings period:	12 months to 3 years
Maximum match:	\$4,500 per account
Uses:	Adult learning through PSE, skills training, microenterprise development
Disbursement:	Credit fluctuates monthly based on account balance; disbursed directly to vendor once minimum criteria met



Program Design

Random assignment in 3 sites:

learn\$ave plus: IDA account *plus* case management services *plus* 15 hours financial literacy training

learn\$ave: IDA account only

Control group: No intervention

Case study sites: Variations in program design, not part of impact study



Program Design

Eligibility:

- Low household income (family of 4 in large urban area = = \$40,400)
 - Social assistance recipients included (75 in each RA site, 25% of sample in CS sites)
- Low household assets (= 10% of income & = local median housing value)
- Age (21 to 65 years, or 18-20 and out of school for 2 years)
- Not currently a full-time student
- Valid SIN
- Only one member of household participating



As of November 2003:

- 4,691 participants enrolled
(3,465 RA + 225 SA + 1,001 CS)
- \$1.7 Million in total individual savings leveraging a further \$5.1 Million in matching credits
- More than \$730,000 in total savings already invested in adult learning

Source: Project MIS



Early highlights:

- Word of mouth is most common way of learning about project among all program groups
- Significant response from recent newcomers (48% of sample) and those with some higher education (89% of sample)
- Most participants have opened an account (89% RA, 72% SAR, 85% CS)
- During months 2 to 12 in project, average monthly deposits are over \$50

Source: SRDC, Early Look Report



Key Issues:

- **Tax treatment of matching savings**
 - No adverse tax implications but cumbersome and inefficient system for reporting and compensation
 - Potential impacts on income-tested benefits (such as provincial child care and housing subsidies)
- **Provincial benefits means tests**
 - Provincial waivers in place in most sites, regulatory changes in only two provinces
 - More consistent, coherent and coordinated approach



Key Issues:

- **Inclusiveness**
 - Newcomers, persons with low numeracy/literacy, persons with disabilities, unbanked, available uses
- **Awareness**
 - Recruitment took longer than anticipated (significant increase only after 13 months)
 - Little overt acknowledgement of importance of assets in well-being; weak orientation towards savings



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