

INTRODUCTION TO IDAs

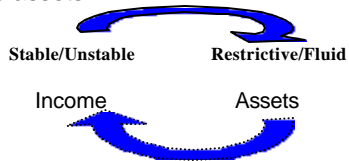
Presentation To ABCD Conference
Ottawa, Ontario
February 24, 2004

Agenda

- **Introductions**
- **Context**
 - Relevance of asset-building
 - Economic security
 - Relationship between income and assets
 - Asset Building Systems of IDA
 - What exists now
- **National and International Developments**
- **Dare To Dream**
- **Policy Implications**

What do we mean by Assets?

- Tangible & Intangible
- There is a relationship between income and assets:



Origin of the IDA Concept

- Dr. Michael Sherraden of Washington University in St. Louis - founder of the concept
- In the 1980s focus groups research women on public benefits identified a need for a system that allowed them to better themselves

Origin, cont'd...

- Anti-poverty policies are generally based on income maintenance.

**Safety Net + Income supports +
Asset-building**

=

Step Ladder Out of Poverty

- Equal access to benefits now provided to middle and upper income individuals and families

Origin, cont'd...

Sherraden's Solution:

- Establish specialized savings accounts that permit low-income people to save for appreciating assets w/o losing public benefits

The IDA concept was born...



Relevance of Asset Accumulation:

- Low-income carries with it not only economic disadvantage, but social, political and cultural disadvantage.
- Economic security is not just about income it is also about assets.

Diagnostic

- Policy objective = building self-sufficiency
- Low-income = low assets = lower opportunity
- No existing coherent asset-based policy framework
- Barriers exist in current policy
- Treatment of income & assets in welfare policy
- Existing initiatives out of reach for most low-income individuals and families

Development of IDAs

US

The American Dream Policy Demonstration

&

Assets for Independence Act

- June of 2000 2,378 IDA accounts
- Initiatives have lead
- 9 major social policy changes



Development of IDAs

UK and elsewhere

- **UK**- Child Trust Funds
- Saving Gateway
- **Singapore**-Child Development Accounts
- **Sweden**-Competence Grant Premiums
- **Taiwan**-Family Development Accounts
- **Ireland**-Government Special Saving Investments Accounts
- **Puerto Rico**-Housing And Education

Development of IDAs

Canada

learn\$ave

- Social and enterprise development innovations (SEDI)
- June 2000 and will continue until 2009
- Reaches 4,875 low income Canadians in 10 communities across Canada

Dare To Dream-SEOCHC

- April 2002 –October 2003
- Reaches 20 low income community members

Asset Building Tools

- Savings
- Matched savings
- Education
- Investment
- Accounts

Dare To Dream



INDIVIDUAL DEVELOPMENT ACCOUNTS

Sponsored by South East Ottawa Centre

In partnership with

City of Ottawa

Community Foundation of Ottawa

UnitedWay/Centraide d'Ottawa and the Community

Economic Development Technical Assistance

Program (CEDTAP)

The Objectives of Dare To Dream

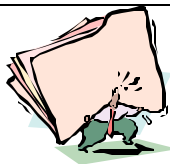
- 80% of participants will save \$20 per month for twelve months.
- Participants will increase knowledge and skills about financial management training.
- Participants will save for 12 months and purchase a course, business tool, resource, tool of trade or education.
- The self-esteem of 20 low-income participants will be increased.
- 20 low-income participants will increase social and economical opportunities.

Dare To Dream

- Want to determine the feasibility and future of IDA and the FMT projects.
- If the project had accomplished the goals.
- If FMT produced outcomes that indicate:
 - Increase in participant's financial skills
 - Knowledge, promoted regular
 - Savings patterns and helped
 - Participants attain the necessary accumulation of
 - Savings to reach their asset goal.

The Methodology

- Internal researcher
- Mixed method approach to data collection and analysis
- Both qualitative and quantitative
- Documents/questionnaires were both open and closed (likert-like scales)



Documents Used For Evaluation

- A. Participants monthly financial literacy Workshop evaluations (240 in total)
- B. Pre/post knowledge, attitudes, behaviors and Skills self assessment (40 in total)
- C. Testimonials
- D. Management information system (MIS)
- E. Participants SMART goals

Data Analysis Systems

- Excel data analysis
- Nvivo



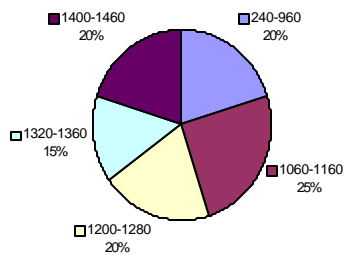
Findings in Brief

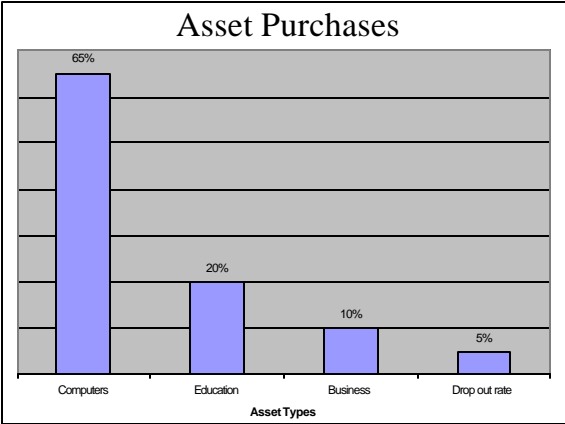
- Participants would recommend program to family and friend
- Contents most useful: budgeting, consumerism, investments, resume writing,
- Low income people can save

Findings in Brief

- That FMT resources and supports helped alter spending patterns
- # confidence,
- # connections in community
- # Increase in FMT knowledge and skills
- # Increased social networks
- 85% reached asset goal

Saving Ranges





- ### Challenges
- Banking
 - Operational
 - Development and Delivery of FMT
 - Policy

- ### Opportunities
- An Asset Based Community Development (ABCD) Network Formed
 - United Way Support
 - ABCD Conference
 - National Promotion by Citizens Bank of Canada
 - International networks
