

A National Perspective on Asset Building

Leigh Tivol, senior program manager with the Corporation for Enterprise Development (CFED) in Washington, D.C., presented the national perspective on the asset-building movement at the RAISE Texas Action Summit in April. CFED is a national nonprofit organization—as Tivol says, a “think and do tank”—with a mission to provide access to economic opportunity for people and families across the income spectrum. Ten years ago, CFED’s American Dream Demonstration was the first large-scale national test of Individual Development Accounts (IDAs). Today, there are about 80,000 IDA accounts nationally.



Leigh Tivol

IDA programs are no longer the newest fad, Tivol said. “Now it’s a given that matched savings programs are key to giving low-income people a way out of poverty.”

Tivol cited a few of the central findings from the American Dream Demonstration and other research, including:

- Low-income families can and do save.
- Savings and investment income—above earned income—reduces intergenerational poverty transmission.
- Savings have psychosocial benefits for adults, and these also likely enhance the well-being of children.

To the audience of IDA program administrators and representatives of the financial institutions that support these programs in Texas, Tivol emphasized that simplicity is the key to policy acceptability, scalability and program accessibility. Ease of use includes reducing barriers and promoting automation. For example, direct or automatic deposits to savings make the logistics of saving comparatively effortless. Tivol asked, “Would any of us do a good job of saving to our retirement accounts if we had to walk to the bank every two weeks to make our deposits?”

Tivol described the roles for community-based organizations, financial institutions and government in efficient and successful IDA programs:

- Community-based organizations (CBOs) often represent the trusted advisers for families and the frontline face of matched savings accounts. CBOs can play a critical role in outreach, enrollment and support of accountholders, as well as delivery of financial education.
- Financial institutions are needed to house accounts, create and refine appropriate savings products, and in some cases, deliver financial education themselves. In addition, financial institutions play an essential role in providing the back-office systems to manage accounts. While CBOs often try to tackle account management themselves, this is not usually the primary area of expertise for local nonprofits. Tivol recommends that this account management be handled to the extent possible by financial institutions that have the infrastructure and expertise to do so.

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- IDAs, children’s savings accounts and other matched savings accounts require funding, not just for matching savings and other savings incentives, but also for financial education and operations. All sectors have a role in funding matched savings programs: public—including local, state and federal support—as well as corporate and philanthropic.
- Government funding is the only way to bring matched savings to scale, whether that funding comes from a direct appropriation or from a restructuring of the tax code to incentivize savings.
- Government also can help encourage savings by reducing barriers, such as eliminating asset limits that restrict the amount of money a low-income family can save and still qualify for public benefits such as food stamps.

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The Enduring Challenge of Concentrated Poverty in America

Over the past two years, Community Affairs offices in all 12 Federal Reserve Banks have worked on a joint study of concentrated poverty—neighborhoods with poverty rates of at least 40 percent.

In collaboration with Washington-based nonprofit the Brookings Institution, the Community Affairs offices wrote "The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S." The report aims to deepen understanding of how poverty and place intersect in the United States. It also hopes to provoke business, nonprofit and government leaders from diverse places to share information and insight on how to address concentrated poverty. [READ MORE »](#)

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