

# ASSET BUILDING UPDATE

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## The Asset Building Policy Network: Shaping a National Agenda



Over two years ago, in the midst of the economic crisis, Citi Community Development, the Citi Foundation and a group of civil rights, policy and community development organizations met to discuss the urgent need to promote and advance asset building policies that would help build long-term financial security for low- and moderate- income (LMI) households and communities of color. Data from Pew, the Federal Reserve and others showed massive losses of wealth and financial stability, especially in low-income and minority communities. At the same time, a Consumer Federation of America study, the results of which are detailed below, showed that families with more than \$500 in savings had fewer problems managing their money.

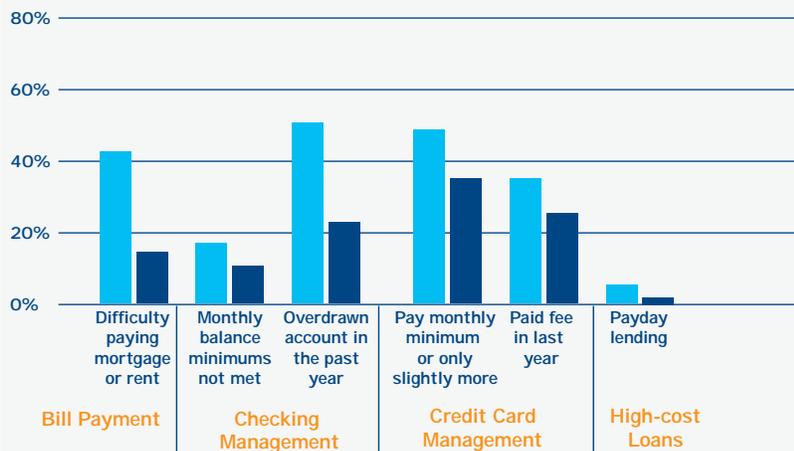
That initial meeting resulted in the creation of a national coalition dedicated to addressing these issues: the Asset Building Policy Network, or ABPN. This national alliance collaborates to develop an actionable policy agenda that seeks to improve opportunities for economic progress by increasing access to responsible and appropriate savings products and services and empowering LMI individuals and households to save and build assets. ABPN member organizations conduct research, develop policy and build the capacity of their affiliate organizations on savings and asset building. Collaboratively developed policy priorities drive efforts to enable families to save, invest, build and preserve financial assets to secure more stable futures.

### Financial Capability

For Low-income Households:  
The Difference \$500 in Savings Can Make

■ less than \$500 in savings  
■ \$500 or more in savings

% of U.S. Population



Source: Consumer Federation of America, *Understanding the Emergency Savings Needs of Low- and Moderate-Income Households*. 2008.

### ABPN policy priorities promote long-term economic security:

- Expand access to and delivery of safe and affordable financial products and services.
- Promote financial capability and basic protections for consumers.
- Expand access to credit, capital, and technical assistance resources for small businesses.
- Incentivize and expand savings opportunities.

## New Article in *Democracy: A Journal of Ideas*

### Tax Policy: Spreading the Benefits More Widely

By Bob Annibale, Global Director, Citi Microfinance and Community Development  
Wade Henderson, CEO, The Leadership Conference on Civil and Human Rights

Since its introduction in 1975, the earned-income tax credit (EITC) has been one of our nation's most effective anti-poverty policies. A new article we co-authored in the Fall 2012 issue of *Democracy* explores how this powerful anti-poverty program can do even more. **Tax Policy: Spreading the Benefits More Widely** suggests the potential to promote asset building and financial security for low-income families by linking the EITC to long-term savings products.

In the same way that retirement and college savings programs have been effective at promoting and supporting savings for those with higher incomes, the EITC can serve as the basis for asset building for families with lower incomes by linking refunds to automated and incentivized savings opportunities. The result would be a powerful new way to spur positive financial behavior for millions of economically vulnerable families. *To read the full article, visit: [www.democracyjournal.org](http://www.democracyjournal.org).*

**Asset Building Case Study:**  
Opportunity Fund helped  
Melissa build emergency savings.  
Learn how on the next page...

## ABPN policy actions:

### • Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP):

In a letter to the **U.S. Department of Education**, the ABPN recommended concrete steps to ensure that families' federal benefits are protected, that incentives are structured to meet their needs and that counseling services are relevant and accessible.

### • Dodd-Frank Wall Street Reform and Consumer Protection Act:

In a letter to the **U.S. Department of Treasury**, the ABPN recommended that improved, national access to relevant financial products and services for LMI individuals should be coupled with data-driven financial capability strategies.

## ABPN Member Profile: The Leadership Conference Advancing Asset Development through Advocacy and Communications

By Rob Randhava, The Leadership Conference on Civil and Human Rights

A founding member of the APBN, The Leadership Conference is currently playing a key role in shaping ABPN's advocacy and communications strategies to advance asset-development policies that assist LMI individuals and communities of color – constituencies that are represented among the membership of The Leadership Conference's broad, diverse national coalition. We also collaborate with the Center for American Progress and the Coalition on Human Needs on the Half in Ten project, a coalition aimed at turning the tide against poverty and increasing awareness among policymakers regarding proposals that create additional jobs and promote broad-based, lasting economic recovery. *To learn more, visit [civilrights.org](http://civilrights.org).*

## Emergency Savings: Policy to Practice

By Gwendy Donaker Brown, Opportunity Fund

Last year, Opportunity Fund partnered with Citi Community Development to launch our newest savings product: Start2Save™. As illustrated below, these savings accounts support low-income people in building up emergency savings through a free Citi savings account coupled with financial training and a matching grant of up to \$1,000. We are serving people whose average monthly income is \$1,073, which means we've drilled down deeper to reach even more underserved and underbanked families. We're proud to collaborate with Citi, an ABPN member, to offer a new financial product that brings ABPN policy priorities to life. *Read more about Start2Save and see video of Opportunity Fund savers at [Citi.us/Start2Save](http://Citi.us/Start2Save).*

## How Savings Can Transform a Family's Future Case Study: Opportunity Fund *Start2Save*™

### 1. February 2011 Melissa enrolls \$0 in Savings

#### Appointment Set

Melissa decides she is tired of "getting by" and wants to get ahead.

Meets with Opportunity Fund microsavings program Case Manager.

Qualifies for a free savings account from Citi and enrolls in the program.

### 2. March 2011 Melissa gains financial skills

#### Completes Financial Education

Completes required 12 hours of free *Money Smart* classes, including, among other courses:

- An introduction to bank services and credit
- How to keep track of your money
- Why you should save, save, save

### 3. April 2011 Melissa starts to save First deposit: \$40

#### Makes First Deposit

As a single mom, Melissa is determined to provide a better life for her infant daughter.

Melissa makes her first deposit into her Start2Save microsavings account.

### 4. January 2012 New career and a new savings attitude

#### Achieves Balance

Having learned that her "money in - money out" equation was never going to balance, Melissa trains to earn more income as a hair stylist.

She also makes it through Christmas without exceeding her budget on gifts, buoyed by her newfound money management skills and love of savings.

### 5. March 2012 Melissa reaches goal \$1,500 in Savings

#### Reaches Savings Goal

After saving \$40 each month, Melissa managed to put away \$500 - more than she had ever saved in a year. As a result, she earned \$1,000 from Opportunity Fund to match her deposits.

*"Now I know I have a cushion and some protection for my daughter and me. It's not a matter of if something comes up, but when. Now I'm prepared."*

--- Melissa