

States News Service

Individual Development Accounts Study Yields Positive Results

March 4, 2008

The following information was released by the U.S. Administration for Children and Families:

The Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services (HHS) today announced the findings of a study on the impact of Assets for Independence (AFI), a federal program focused on helping give low-income families a hand up out of poverty. A two-part report found that the AFI program successfully enables low-income participants to build assets and become more economically self-sufficient.

President Bush believes that all people can improve their lives through saving and building assets, said Daniel Schneider, Acting Assistant Secretary for the Administration for Children and Families. This report proves that financial literacy training and individual development accounts really can help low-income individuals lead more independent, self-sustaining lives as they work towards their dreams a" like owning a home or pursuing education.

The Assets for Independence program supports nonprofit organizations and government agencies in using individual development accounts (IDAs) and financial management training as part of an assets-based approach to fighting poverty. Participants deposit earned income in special-purpose savings accounts in which every dollar they save towards a specific goal is matched.

The two-part Assets for Independence Act Evaluation, Process Study: Final Report and Project Briefs and Impact Study: Final Report found that AFI participants derived substantial benefits from the program in its focus areas of homeownership, business ownership and post-secondary education. Individuals and families who participated in an AFI project were 35 percent more likely to become homeowners, 84 percent more likely to become business owners and nearly twice as likely to pursue post-secondary education or training.

We are promoting savings while bettering the life of the individual and their family, said Josephine Robinson, Director of the Office of Community Services. By redefining participant's views and approaches to personal finances, we are enabling them to make positive changes that may help them achieve financial independence and security.

ACF currently supports AFI projects at more than 1,200 sites nationwide. Each project is financed with a combination of federal grants and nonfederal contributions from state and local governments, financial institutions and the philanthropic community.

To date, more than 53,000 families have used IDAs and received training on money management topics. Participants have saved more than \$38 million in their IDAs, and more than 14,500 have used their savings to purchase any of the three allowed long-term economic assets.

ACF is accepting applications for grants to support new IDA projects through the Assets for Independence program. It also administers the AFI Resource Center that provides training and assistance for grantee organizations and their project partners.

This study was conducted by Abt Associates, Inc., under contract to ACF. For more information about the AFI program and this report, go to:

<http://www.acf.hhs.gov/programs/ocs/afi/>