

# ASSET BUILDING 101



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ASSET BUILDING  
POLICY PROJECT

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# Asset Building Policy Basics

## What is Asset Building Policy?

**Asset:** A useful and desirable thing; an item of ownership having value and exchange.

**Asset Poverty:** The inability of a household to live at the poverty level for a period of 3 months without any income.

# Asset Building Policy Basics

## **What is Asset Building Policy?**

Federal Poverty Level in 2007

\$10,210 for an individual

\$17,170 for a family of three



# Asset Building Policy Basics

## **What is Asset Building Policy?**

A wide-range of public policies, strategies and programs that create opportunities that enable people with limited financial resources to accumulate sustainable assets.

# Asset Building Policy Basics

## Asset Building Policy in the United States

- The Homestead Act
- The G.I. Bill
- Retirement Accounts: IRAs and 401(k)s
- 529 Educational Accounts
- The Home Mortgage Deduction

Annually, asset building incentives account for more than **\$350 billion** in forgone tax revenue.

# Asset Building Policy Basics

## Asset Building Policy in the United States

- Most policies are within the tax code.
- Much of this policy does not impact low-wage workers.
- 90% of the benefits are claimed by households with income greater than \$50,000.

# Asset Building Policy Basics

## **Asset Building Policy in the United States**

- Many government social programs require families to deplete assets in order to access services and aid.
- Current social policy addresses the issue of poverty through maintaining a minimal level of consumption. This does not address asset poverty.

# Asset Building Basics

“Few people have ever spent their way out of poverty. Those who escape do so through saving and investing for long-term goals.”

- Michael Sherraden

*Author of Assets and the Poor*

# Asset Building Basics

“It is difficult to spend or consume one’s way out of poverty, just as it is impossible to borrow one’s way out of debt.

“Asset building, by contrast, is designed to move families forward, economically and socially.”

- [www.assetbuilding.org](http://www.assetbuilding.org)

# Asset Building Policy



## ASSET BUILDING POLICY PROJECT

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