

Asset Building Across the Nation

Innovation in Asset Building Strategies
Training Session

Thursday, October 21, 2010

Sampling of Efforts

- City of San Francisco
 - Bank On San Francisco
 - Kindergarten to College Savings Program
- EARN
- City of San Antonio
 - *RefundExpress*
 - IDA Working Families Vehicle Purchase Program

Sampling of Efforts

- New York City
 - \$aveNYC Matched Savings Accounts
- LISC/Annie E. Casey Foundation
 - Financial Opportunity Centers
 - Centers for Working Families

City of San Francisco

- Bank On San Francisco
- Kindergarten to College Savings Program



Bank On San Francisco

- First comprehensive program in U.S. to serve the “unbanked”



Bank On San Francisco

- Program Goals:
 - Change bank products and policies to increase the supply of starter account options
 - Raise awareness among consumers about the benefits of account ownership
 - Provide qualified San Franciscans with the opportunity to open low-cost, starter bank accounts
 - Provide quality financial education to San Franciscans to help them start saving for the future

Baseline Criteria for Bank On San Francisco Account

- Acceptance of Mexican and Guatemalan Consular ID cards as primary identification
- Open accounts for those with NSF/OD history on ChexSystems which is over 1 year old
- Open accounts for those on ChexSystems less than 1 year old with money management training
- Waiver of one set of Non Sufficient Funds/Overdraft fees per year
- No monthly minimum balance requirement

Kindergarten to College

- Beginning with the 2010-2011 school year, the City of San Francisco will sponsor college savings account start-up for each incoming class of kindergartners in San Francisco public schools



Kindergarten to College

- One-time payment of \$50 from city; \$100 for kids who qualify for free or reduced lunch
- Community groups can contribute to the accounts (EARN will match the first \$100 saved by the child's family)
- Child/Family members can also contribute

Kindergarten to College

- Kids with a savings account dedicated to college are 7 times more likely to attend (EARN, 2010)



EARN

- Matched Savings Accounts
 - Individual Development Account (IDA)
 - Savings Account for Education (SAFE)
- Checking Accounts for the Unbanked
- Micro-loans
- Money Management Coaching



EARN's Results

- EARN families average less than \$18,000 in annual income and save over \$75 per month, about 5% of their income



EARN's Presence Outside of Service Delivery

- Media
- Partnerships with elected officials
- Website
– www.earn.org
- Policy and Research



City of San Antonio

- *RefundExpress*
- IDA Working Families Vehicle Purchase Program



RefundExpress

- The City of San Antonio partners with a local credit union to provide taxpayers with an alternative to refund anticipation loans
- The loan has no fees and no interest rate – it only requires the \$5 start-up cost to open a credit union saving account
- 2,500 *RefundExpress* loans were distributed to taxpayers in 2009, totaling over \$6.1 million in interest-free loans

IDA Working Families Vehicle Purchase Program

- The City of San Antonio works with 7 local Ford, Lincoln, Mercury dealers to offer a matched savings program for vehicle purchase to low-income city residents
- Funds will match individual's savings at a 2 to 1 ratio up to a maximum match of \$2,000
- Vehicle purchased must be New or Certified Pre-owned
- All dealer and manufacturer offers/rebates still apply

New York City

- \$aveNYC Matched Savings Accounts



\$aveNYC Accounts

- Matched Savings Account for EITC recipients
- The City provides 50% match on individual's savings up to \$500 (\$250 match)
- Accounts must maintain initial deposit for 1 year



SaveNYC Accounts

- Lessons from Behavioral Economics:
 - **Loss Aversion:** perceived loss is a stronger motivator than perceived benefit
 - **Mental Accounting:** individuals create artificial budgets covering different categories of spending and saving
 - **Limited Choices:** the more alternatives, the less likely an individual is to make a decision
 - **Hassle Factors:** minor barriers can hamper the best of intentions

SaveNYC Accounts

- Results (2008 Pilot)
 - \$45,808 in initial account contributions
 - \$22,432 in match money
 - \$5,005 in additional deposits
 - \$73,000 in total savings
 - Average savings at end of first year = \$624



- **31% of account holders were previously unbanked**
- 36% reported no savings prior to opening the account
- 55% had at least \$500 in savings at the end of the year
- **74% kept account open after the first year**

LISC/Annie E. Casey Foundation

- Financial Opportunity Center (FOC)/Center for Working Families (CWF) Model



The Annie E. Casey Foundation *Helping vulnerable kids & families succeed*

FOC/CWF Model

- Approach involves “bundling” access to a full range of essential economic supports
- Three Core Services
 - Employment and Career Advancement Services
 - Income Enhancements and Work Supports
 - Financial and Wealth-Building Services



Sample Services

- Employment Services
 - Skills assessment
 - Job training
 - Job search
 - Job placement
 - Retention supports



Sample Services

- Income and Work Supports
 - Benefit screening
 - Assistance with benefit applications and submission
 - Provide or refer to tax assistance and EITC



Sample Services

- Financial Services
 - Financial education/Money management coaching
 - Computerized self-tracking system to monitor finances
 - Access to well priced financial products
 - Flexible checking accounts or alternative check cashing services
 - Low cost loans for those without a credit card
 - Savings accounts
 - First time homebuyer assistance



What's Happening NOW in Michigan?

- Centers for Working Families in Detroit
- Financial Opportunity Centers in Detroit, Kalamazoo, and Grand Rapids
- Developing Statewide VITA/EITC Presence
- MIDAP
- Bank On Michigan (Bank On Detroit, Bank On Kalamazoo, Bank On Lansing)
- AND a variety of organizations offering diverse services and programs – TELL US ABOUT YOURS!

Michigan Communities for Prosperity

“Michigan Communities for Prosperity seek to **empower** their residents through innovative opportunities to **save, invest, and create wealth** so they can achieve financial stability and prosper throughout their lives.”

More Information...

- If you would like more information about any of the programs/services described, please contact:

Megan Kursik
Coalition Coordinator, ABPP
kursik@cedam.info
517-485-3588



Questions?