



# Assets for Independence

Office of Community Services,  
Administration for Children and Families

# Preview

- Asset Building
- Individual Development Accounts
- The Assets for Independence Program (AFI)
- AFI Projects
- Key Program Topics
- Applying in 2004

# WHAT IS ASSET BUILDING?

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

Michael Sherraden  
Center for Social Development

# Asset-Building Strategies

- Homeownership programs
- Small Business development
- Education/Career counseling
- Tax preparation and Earned Income Tax Credit and Child Tax Credit outreach
- Individual Development Accounts (IDAs)

# Economic Assets Matter

- Stronger, healthier families
- Long-term thinking and planning
- Enhanced self-esteem
- More community involvement
- Hope for the future

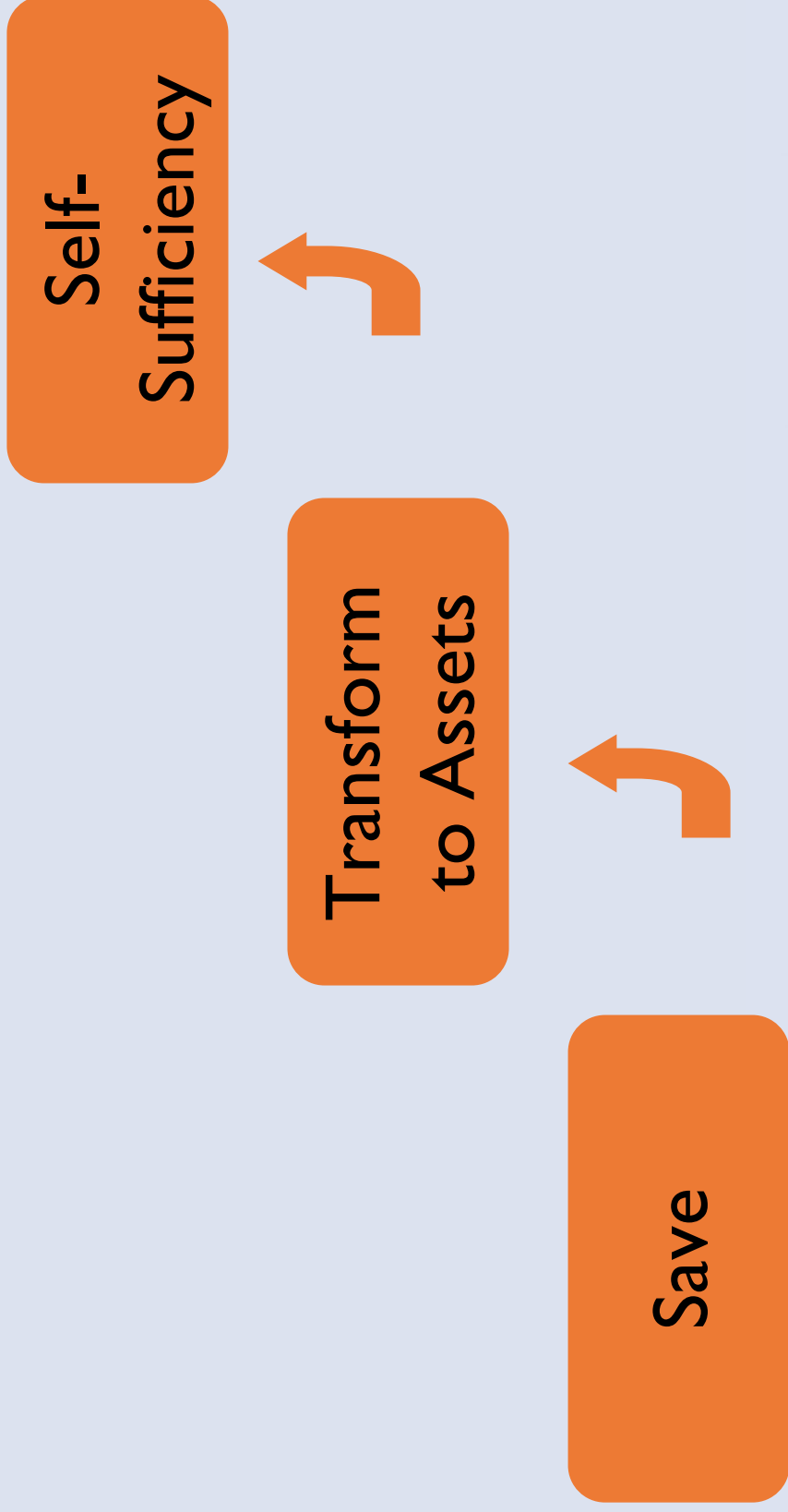
# WHAT IS AN IDA?

# Individual Development Accounts

- Matched restricted savings accounts for low-income families.
- Enable participants to save on a regular basis and to obtain an economic asset for the long term.



# IDAs: A Hand-up To Self-Sufficiency



# WHAT IS THE ASSETS FOR INDEPENDENCE PROGRAM (AFI)?

## **AFI provides grants for 5-Year Projects that**

**Help low-income families...**

- Learn about financial, economic and consumer issues and**
- Save through Individual Development Accounts**

**In order to ...**

**acquire a first home,  
access higher education or training and/or  
support a small business**

# Marriage Strengthening

Financial Education is an excellent marriage strengthening tool:

- Helps couples understand their shared values concerning money matters.
- Addresses relationship friction caused by money.
- Assists with financial goal setting and planning.
- Enables low-income families to acquire assets for the long term.

# AFI PROJECTS

# Project Organizational Profiles

- Multi-purpose non-profits that provide a menu of services for low-income families
- Public / Private partnerships including State, local or Tribal government organizations and non-profits
- Faith-based groups
- Multi-site collaboratives

# Current AFI Projects

- Approximately 250 AFI Projects located throughout the nation (many feature multiple program sites).
- About 70 percent are in urban areas and 30 percent in rural.
- More than 12,250 IDA accounts are currently in place, and growing rapidly.

# Current AFI Client Profiles

- Large majority of clients are women
- About one-half are African American
- One-half had never opened a savings account
- Account withdrawals are evenly split between the three qualified purposes



# KEY PROGRAM TOPICS

# Key Topics: Preview

- Project Reserve Fund
- Uses of Project Funds
- Non-Federal Funding
- Client Eligibility Rules
- Client Savings Plan Agreement
- IDA Matching Structure
- Financial Partners
- Sample Participants

# Non-Federal Funding

- Must have firm commitments of cash support from non-Federal organizations for the Project Reserve Fund.
- The commitments must be equal to or greater than the Federal grant amount.
- Keep in mind: IDA administrative and program support functions always exceed 15%. Consider and plan for accessing other funds and in-kind resources including VISTAs.

# Project Reserve Fund

**Federal Grant  
\$100,000**



**Non-Federal  
\$100,000  
(Cash only)**



**PROJECT  
RESERVE FUND**

*at insured financial institution*

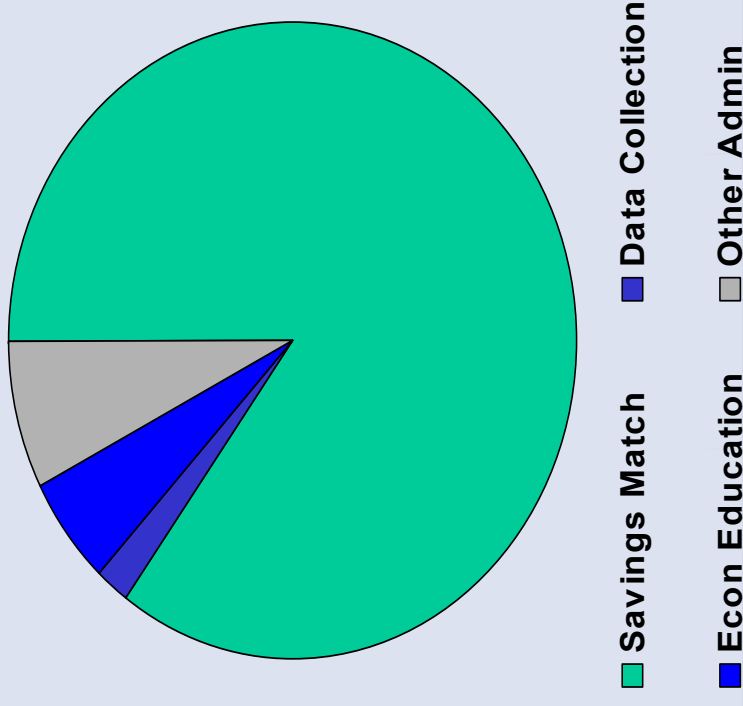
**\$200,000**

**Additional \$ and In-Kind Resources**

# Uses of Project Funds

- 85% or more to match participant savings
- At least 2% for data collection
- Up to 5.5% for financial education
- Up to 7.5% for other

Additional \$ and In-Kind Resources



# Non-Federal Funding Sources

- Financial Institutions
- Foundations
- United Way Organizations
- Corporations / Employers
- Individuals
- Places of Worship
- Local or State Government

# Client Eligibility Rules

- TANF eligible or
- EITC eligible or annual income less than twice poverty (about \$37,000 for family of four) and  
Net worth less than \$10,000, excluding value of a residence and one motor vehicle.

*Client must have earned income!*

# Client Savings Plan Agreement

- Amount to be saved
- Schedule of deposits
- Asset to be purchased (may change during savings period)
- Match rate
- Economic education plan
- Asset-specific training plan
- Contingency plans



# IDA Matching Structure

- Participant IDA deposits are matched equally with Federal and non-Federal funds.
- Match Rate from \$1 : \$1 to \$8 : \$1
- Maximum Federal Contribution
  - \$2000 per individual
  - \$4000 per family

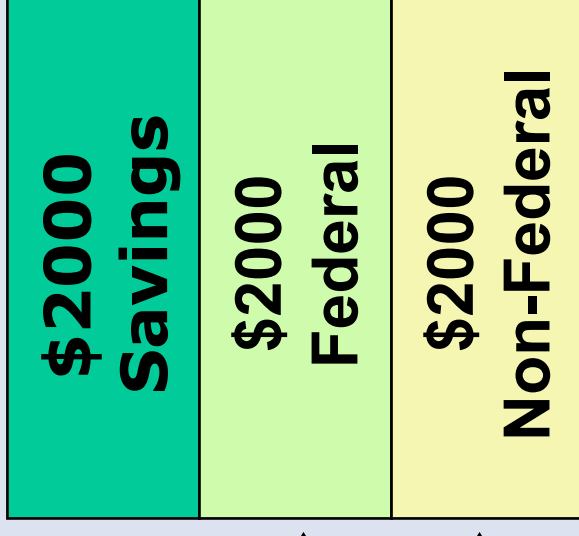
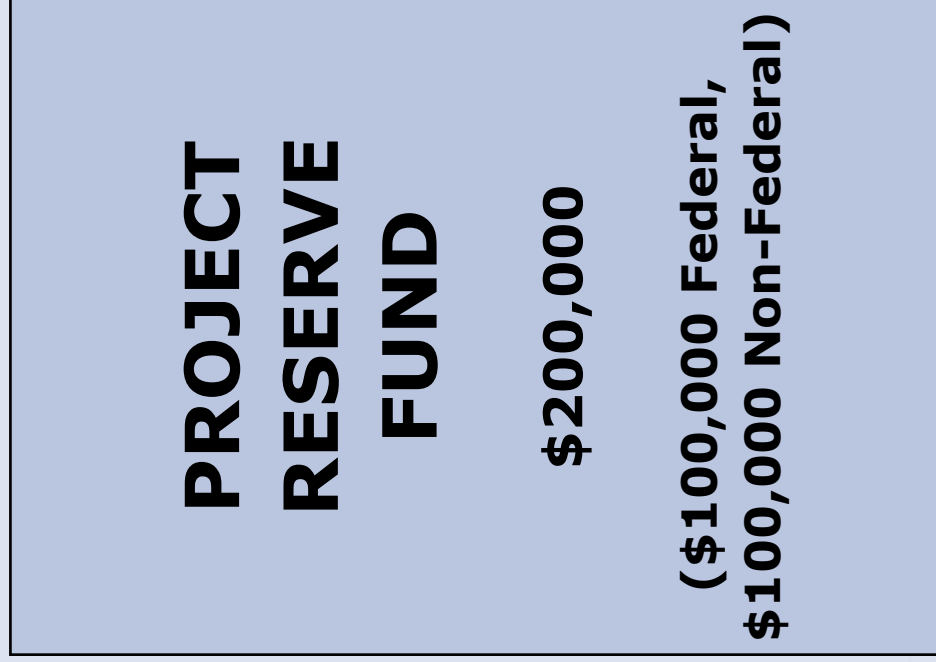
# Financial Partners

- AFI Projects work closely with at least one Federally insured financial institution.
- The Project Reserve Fund and the participant IDAs must be held in deposit at such an institution.
- The arrangement must be in place at time of application.

# Sample Participant: Kim

- Kim needs a home.
- Housing program requires \$6,000 for down payment and closing costs.
- Match rate of \$2 for every \$1 saved in her IDA.
- Kim saves \$2,000:
  - \$55 per month over 3 years

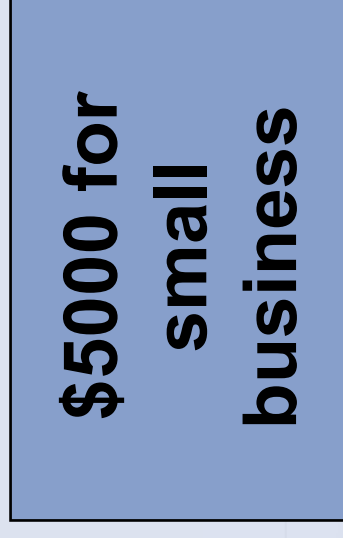
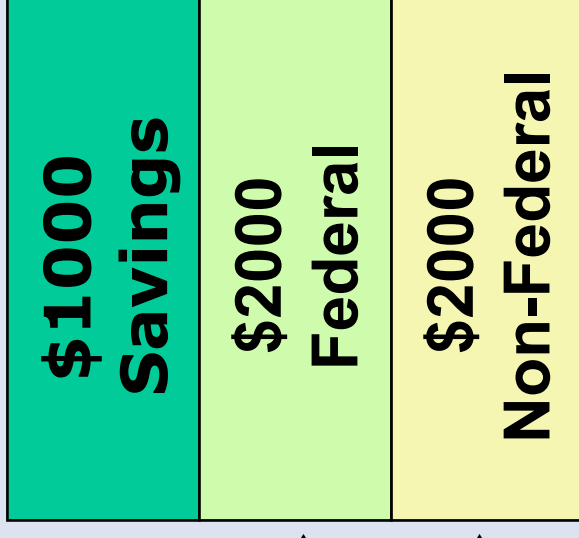
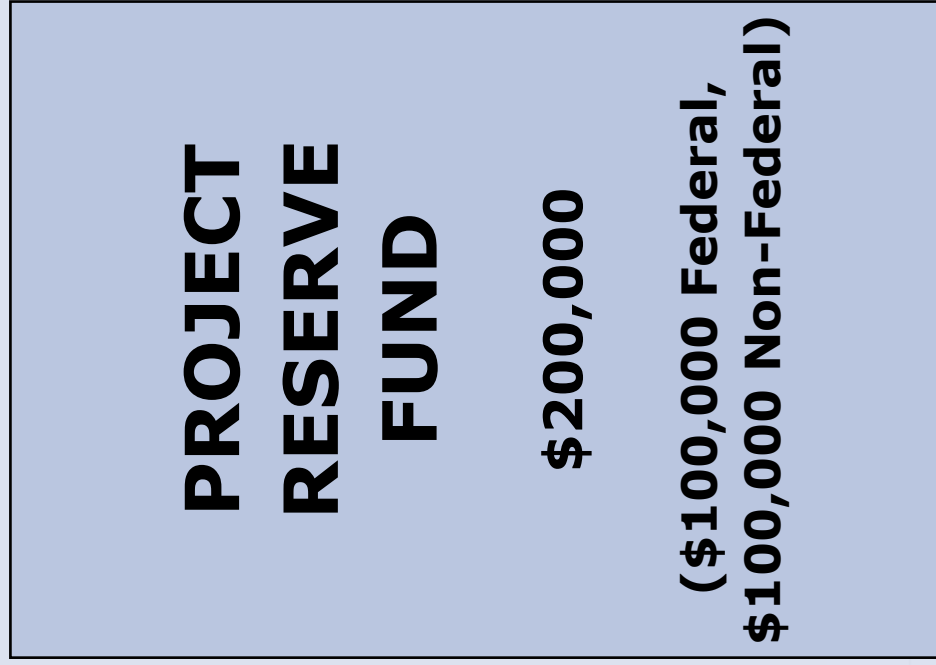
# Kim's IDA



# Sample Participant: Bill

- Bill needs to start a small business.
- He needs \$5,000 of capital.
- Match rate of \$4 for every \$1 saved in his IDA.
- Bill saves \$1,000.
  - \$42 per month over 2 years

# Bill's IDA



# AFI PROJECT ACTIVITIES PER CLIENT

# AFI Project Activities Per Client

- Create Project Reserve Account.
- Target outreach and marketing activities and generate interest in program.
- Recruit clients.
- Provide economic education and other services for the client and client family.
- Develop a savings agreement with the client and spouse.
- Work with the client to open an IDA.



## AFI Project Activities (cont.)

- Assist the client and client family throughout the savings period.
- Allocate IDA match funds as the client saves.
- Provide supportive services for the client and the family.
- Provide asset-specific training and preparation for the client.
- Assist the client with purchasing an asset.

# APPLYING IN 2004

# AFI Grants Overview

## 2004 Request for Proposals (RFP):

- \$18,000,000 available
- Up to \$1,000,000 per project (average award amount approximately \$360,000)
- Approximately 55 funded projects
- 5-Year projects

# AFI Grants Overview

## 2004 Request for Proposals (RFP) cont:

- Applications due July 27, 2004, by 4:30pm EST
- Grants Awarded by September 30, 2004
- RFP and “AFI Project Builder” Guide at <http://www.acf.hhs.gov/assetbuilding>
- May apply on [grants.gov](http://grants.gov) (not required)

# Application Pointers

- Check eligibility requirements.
- Raise Non-Federal commitment.
- Integrate the AFI Project with other services and programs.
- Show strong collaborations with key partners including financial institutions (including firm letters of agreement and MOUs).

# Application Pointers (cont.)

- Demonstrate a clear commitment to long-term project.
- Present a thoughtful plan.
- Propose innovative strategies.
- Have commitment to participate in the national program evaluation.

# Application Guidance

## *AFI Project Builder: Guide to Planning an Assets for Independence Project*

<http://www.acf.hhs.gov/assetbuilding/guidesec1.html>

### Topics:

Target population, Goals/Objectives, Training and Participant Support, Account mechanics & Participant IDAs, Marketing/Recruitment, Organizational Capacity, Partnerships & Collaboratives, Implementation, Evaluation and Program Quality, and Funding & Budget.

# Resources

- Office of Community Services:  
<http://www.acf.hhs.gov/programs/ocs>
- Center for Social Development, Washington University:  
<http://gwbweb.wustl.edu/csd/>
- Corporation for Enterprise Development:  
<http://www.cfed.org>
- IDA Network: <http://idanetwork.cfed.org/>
- Faith to Finance: <http://www.faithtofinance.org/>
- Institute for Social and Economic Development:  
<http://www.ised.org/Index.asp>
- Assets for All Alliance:  
[http://www.pcf.org/venture\\_philanthropy/afaa.html](http://www.pcf.org/venture_philanthropy/afaa.html)



# Let's Talk

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