



Municipal Financial Empowerment:

A **Supervitamin** for Public Programs

Strategy #5: Integrating Asset Building



Michael R. Bloomberg
Mayor

Department of Consumer Affairs
Office of Financial Empowerment

Jonathan Mintz
Commissioner

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Introduction

Financial stability affords families with low incomes a bulwark against the crises of sporadic income, unexpected expenses, and a reliance on predatory fringe services and also provides an opportunity to start actively planning for a solid financial future. Achieving a stable financial foundation is difficult, especially during lean economic times. Described in this report are cutting-edge efforts, many realizing national scale, to make financial stability more attainable.

Dr. Michael Sherraden's pioneering 1991 work, titled *Assets and the Poor: A New American Welfare Policy*, helped shape the development of a new approach to addressing poverty called asset building.¹ Sherraden argued that given convenient accounts and the right incentives, poor families can save despite having very limited incomes—and that building up savings to guard against financial shocks is a key component of financial health.

Recent work has focused on identifying simple, flexible, and manageable steps for families with limited income to save for the shorter term or for emergencies. Such short-term savings opportunities are crucial in guarding against unforeseen expenses that can create financial havoc for households who are living paycheck to paycheck. Assets in the form of short-term savings can also diminish households' need to draw down public and nonprofit resources and enable them to achieve the optimal outcomes of traditional antipoverty programs such as workforce development and stable housing.

The Supervitamin Effect in Brief

In 2006, as part of his Administration's innovative efforts to fight poverty in New York City, Mayor Michael R. Bloomberg launched the first municipal Office of Financial Empowerment (OFE) within the Department of Consumer Affairs (DCA). OFE's mission is to educate, empower, and protect individuals and families with low incomes; our financial empowerment strategy focuses on four pillars of work:

1. Professional financial education and counseling
2. Asset building
3. Safe and affordable banking access
4. Targeted consumer protections to safeguard assets

Currently, public antipoverty programs face a uniquely difficult challenge. Increasingly, shrinking government resources and increased demand for services have driven municipalities to do more with less. City governments across the country are addressing this challenge with an innovative approach: integrating financial empowerment programming into core social services. This approach, which aims to boost clients' financial stability and strengthen the effectiveness and impact of the primary services they receive, is known as the “supervitamin” effect.

The first four reports in the series “Municipal Financial Empowerment: A Supervitamin for Public Programs” detailed, respectively, New York City's efforts to integrate professional financial counseling into key social services; professionalize the field of financial counseling to ensure quality and consistency in service delivery; increase access to mainstream banking accounts by incorporating them into public programs; and target consumer financial protection powers to ensure that predatory practices do not reverse the valuable gains that clients in public programs make toward exiting poverty.

This report, the fifth and final report in the series, describes OFE's efforts to integrate asset building strategies, in particular short-term savings opportunities, in public programs to help households take a crucial step toward their long-term savings goals. Indeed, assets are critical to achieving—and sustaining—financial empowerment.

I. Why Assets Matter

Assets are essential to families with low incomes. Having unrestricted savings provides a safe reserve when families' expenses exceed their incomes. Many families with low incomes in New York City find it difficult to stay ahead financially each month. Although they earn income, they are often paying a large amount for rent, groceries, transportation, and child care. In fact, over 45 percent of families with low incomes in New York experience what is known as liquid asset poverty.² This means these households would not have enough savings to survive at the poverty level for three months if they no longer received a regular income. However, if these families were able to save small amounts of money in short-term savings instruments, the financial cushion could help them weather economic shocks such as job loss, medical bills, or emergency expenses. According to a 2010 Urban Institute study, having liquid assets in even modest amounts (up to \$1,999) is significantly related to lowered incidence of material hardship.³

In the past, the asset building field has focused on large or more long-term assets such as homeownership, retirement plans, savings bonds, or college savings. When a family has an asset like a home, it can be leveraged for important financial goals such as paying for their children's education. Similarly, retirement savings help families plan for the future and can sometimes be leveraged for other purposes such as loans. But these types of assets may feel out of reach to families with low incomes who are living paycheck to paycheck. In addition, although over half of the employers in the United States encourage employees to save for retirement in defined contribution plans such as a 401(k) plan, over 25 percent of households have withdrawn these savings for non-retirement needs, amounting to \$70 billion in withdrawals annually.⁴ The breaching of these accounts indicates that many families are using defined contribution plans as their emergency savings when other options may not be available to them.

When low-income families with few large assets and weak credit scores do not have short-term or emergency savings, their options are limited. They may rely on borrowing from friends or family members who have similarly constricted financial reserves. Households may also turn to high-cost, potentially predatory options such as payday loans to help cover basic expenses. Lastly, these families may turn to public agencies for help in the form of food stamps, energy assistance, rental assistance, housing subsidies, or shelter. All of these options may lead to added stress and further private or public indebtedness—which could be avoided with the financial cushion that asset building strategies can create.

From our beginning, OFE recognized the importance of asset building because of the clear difference access to assets has on the lives of families with low incomes, allowing them to handle income disruptions safely and avoid predatory financial products and services that offer quick fixes with lasting negative effects.

The importance of assets is also apparent at the programmatic level; social service providers on the front lines assisting such families see firsthand how the lack of assets can limit the impact of the investments of their services. A lack of assets often means that clients' gains are lost after minor financially disrupting events, or that gains cannot occur until financial stressors are assuaged so people can focus their efforts instead on taking advantage of programmatic interventions. This risk of tenuous gain extends even to large and hard-fought asset gains—for example, when households withdraw funds from their 401(k) savings to manage an immediate crisis.⁵

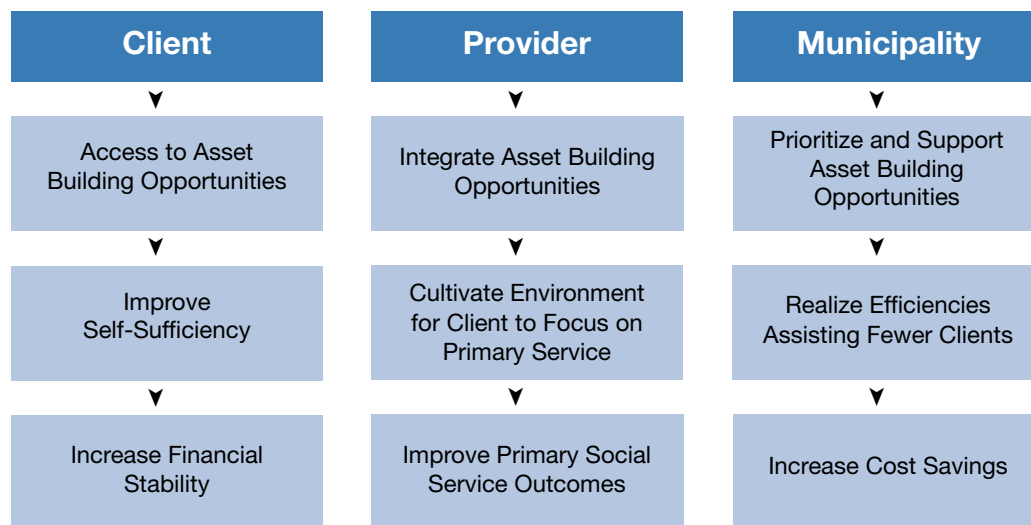
Having assets helps clients, providers, and municipal entities in the following ways:

1. **Increasing financial stability:** Asset building is the ultimate goal of financial empowerment strategies because it moves clients away from solely addressing crisis moments and furthers opportunities for a more solid financial foundation. Asset building strategies help clients build longer-term cushions against financial shocks, fostering self-efficacy and greater self-sufficiency. OFE has focused on finding manageable, short-term solutions since our work, notably the SaveUSA initiative, has illustrated that households need an on-ramp opportunity to move them to longer-term savings goals.
2. **Improving primary social service outcomes:** Asset building also benefits social service providers and municipalities. An affordable housing client grappling with an eviction notice must focus fully on solving that problem and cannot attend to other, less immediately pressing issues. When clients have a stable financial foundation of assets from which to draw, they are often better able to avoid or reduce the severity of crises, potentially improving the likelihood that they will succeed in achieving programmatic and personal goals.

3. **Providing cost-saving opportunities:** Along with improving outcomes, providers and municipalities can conserve their much needed resources by integrating asset building strategies into services. Savings, whether short- or long-term, can help clients withstand financial crises that might otherwise require additional program services or support or a reinvestment of the same social service multiple times. Prioritizing asset building can be especially beneficial to municipalities since clients often turn to public safety nets as a way to address immediate crises or manage ongoing shortfalls. When these needs are met, client reliance on public resources may diminish.

4. **Providing viable alternatives to high-cost and predatory lending:** Fighting against the current of quick-fix products such as payday lending, pawnshops, and title loans can be a challenging effort for cities given the market saturation and political strength of those industries. For cities, having high numbers of residents caught in the expensive debt cycles caused by such products can be destabilizing for any number of public investments made in social safety net programs. Emergency savings funds can be a powerful alternative for families facing financial crises—allowing them to rely on their own resources rather than turning to dangerous lending instruments.

Figure 1. Benefits of Assets to Clients, Providers, Municipalities



With these benefits in mind, asset building is embedded into OFE’s approach to financial empowerment work. Fundamentally, this has involved integrating savings opportunities into program design, in particular prioritizing short-term savings as an on-ramp to longer-term asset building for families with low incomes. The act of building up personal savings, even in small amounts, prevents families from living strictly in the present and allows them to plan for the future in a tangible way. The first step is often helping clients find extra income in their budgets in order to begin saving. In addition, clients need accessible and appropriate financial products in which to save their limited resources. As they begin saving for the short term, in an affordable and appropriate savings vehicle, clients can begin thinking about longer-term savings like retirement.

Incorporating short-term asset building opportunities and appropriate products into our financial empowerment work, along with the antipoverty work of our municipal and nonprofit partners, has provided a number of promising results.

Spotlight: Asset Building as a Counter to Payday Lending

A payday loan is a short-term unsecured loan that is issued by check cashers or other non-bank lenders to individuals who have verifiable income or proof of employment. Although the loan amount issued may be relatively small, individuals who obtain payday loans often have to renew their loans because they are still short on funds when it is time to pay back the original loan amount. As a result of the high interest rates (often triple digits) and the costs associated with multiple loan renewals or “flips,” borrowers pay very high fees to cover recycled debt. Payday lending is a huge industry—12 million Americans take out payday loans annually, spending approximately \$7.4 billion on loans that average \$375. The average borrower is in debt for almost half the year, spending \$520 in interest to continually reborrow the loan.⁶

Having options such as flexible savings accounts or low-cost emergency loans could help these individuals avoid hundreds or even thousands of dollars in annual fees, which place borrowers in precarious financial positions. Payday loans are illegal in New York due to a usury cap, but payday lending, which is available in many other cities across the country, as well as online, affects low-income families’ ability to build assets.

II. Integrating Asset Building to Improve Self-Sufficiency and Organizational Efficiency

OFE's asset building work is underpinned by the importance of increasing access to safe and affordable bank accounts. As outlined in *Strategy #3: Integrating Safe and Affordable Bank Accounts*, the third supervitamin report, and other studies, having a bank account is an important step in strengthening a household's financial foundation. Many OFE programs aim to improve banking access, through negotiating with financial institutions to create or promote safe and affordable products. OFE is also exploring ways to develop products that make savings a simple and risk-free opportunity for families with low incomes. Identifying the right account for asset building is just part of the equation, as a product can only go so far in improving financial stability; the other equally vital aspect is finding the right partners and moments to make the integration meaningful. Some important findings follow.

Timed Interventions

Tax Season

The tax season was identified as a unique savings moment because, for many households with low incomes, refundable tax credits such as the Earned Income Tax Credit (EITC) could serve as the initial funds for a savings account. Tax credits like the EITC were initially created to incentivize work and to provide extra funds for families with low incomes; seen through the supervitamin lens, a credit like the EITC has the additional benefits of providing an initial deposit for a savings account and serving as a way to cushion a household during brief periods of economic hardship. The tax refund can be the largest lump sum received all year—in 2012, the average EITC refund was \$2,200⁷—making tax time an opportune moment for families to begin building assets. In New York City, filers can also save money by preparing returns for free through Volunteer Income Tax Assistance (VITA) sites, online, or through negotiated low-cost programs with commercial preparers.

Tax refunds help increase self-sufficiency by creating an on-ramp to savings to cover unexpected expenses that may arise throughout the year. In recent years this on-ramp has been made far simpler through the ability to split a refund into multiple accounts such as a checking account, savings account, or prepaid card.

With this in mind, in 2008, OFE created and implemented a tax time matched savings account program called \$aveNYC. Due to the early promising results of that program, in 2010, the federal Social Innovation Fund (SIF) awarded a grant to the Mayor's Fund SIF Collaborative to replicate and test the program, now known as SaveUSA, in four cities. The Collaborative includes the Mayor's Fund to Advance New York City, the Center for Economic Opportunity (CEO), OFE, and MDRC, a nonpartisan education and social policy research organization.

The \$aveNYC and SaveUSA programs take advantage of the split refund to help families save. Participants who saved a minimum of \$200 of their tax refund until February 1 of the following year received a 50 percent match. If participants saved \$1,000, they could earn the maximum match amount of \$500. Participants always had access to their funds, risk-free, but would not receive the match if they withdrew their funds prior to February 1.

Promising results from both programs demonstrate that families with low incomes can and will save if given the right access and incentive to do so. The average income of SaveUSA participants was \$17,928 and on average they saved \$500.⁸ Notably, over 75 percent of the accounts were still open at the end of a year and 39 percent of savers pledged again the following year.⁹ See Table 1.

SaveUSA at a Glance (2011–2013)

- Tax time matched savings program
- Offered at select Volunteer Income Tax Assistance (VITA) sites in Newark, N.J.; New York City; Tulsa, Okla.; San Antonio, Texas
- Negotiated savings account features (e.g., no ATM access, no maintenance fees, limited ChexSystems review)
- 4,771 new savings accounts opened
- \$4,529,338 in total savings (initial deposit plus match)
- Less than \$20,000 average adjusted gross income for participants

Note: Total savings are based on preliminary estimates for 2013.

Table 1. Save USA Highlights

Year	Number of New Accounts	Total Savings (Initial Deposit plus Match)	% of Returning Savers	% of Full Year Savers
2011	1,664	\$977,000	n/a	73%
2012	1,679	\$1,527,284	39%	75%
2013*	1,428	\$2,025,054	33%	n/a**

*Figures provided are based on preliminary projections.

**Final number will be available in early 2014.

Promising Results from \$aveNYC and SaveUSA

- Findings from the \$aveNYC evaluation, along with early results from SaveUSA, demonstrate that families with low incomes can and will save when given the opportunity.
- Participants appear to have used their savings instead of incurring new debt to meet financial shortfalls.
- Participants who received the match typically used the money to pay household expenses, reduce debt, or cover emergencies.
- The match is a powerful motivator to help families make the decision to save a portion of their refund and not withdraw the funds.
- Without access to the SaveUSA account, few eligible tax filers directly deposited their refund dollars into another savings product.
- People who withdrew their money early were typically experiencing financial hardship or unemployment.

Developing the long-term sustainability of the SaveUSA program has been an essential component of program implementation. OFE has been pursuing a policy pathway for ensuring public investment in this program as a component of the tax code, as well as through further replications in other cities. See section III.

As the SaveUSA framework gains momentum and an increasing number of cities and service providers replicate their own version of a matched tax time savings program for low- and moderate-income earners, there is a growing urgency to understand better the impact and cost implications of the match rate and savings threshold. In other words, what is “the sweet spot” of incentivizing savings participation and amount saved, while keeping the match rate as low as possible to minimize cost and allow for scale?

Replication efforts will be housed within a larger effort, the SaveUSA Coalition. Led by OFE, CEO, and the Cities for Financial Empowerment (CFE) Fund, the SaveUSA Coalition aims to find the best way to leverage the windfall moment of a tax refund by identifying social service providers who can embed tax time saving in their program model and develop a savings on-ramp for their clients. To date, the SaveUSA model has focused solely on VITA sites, which provided an easy-to-access infrastructure for this type of tax-related intervention. However, after a number of years implementing the model through the VITAs, the time is right to build upon this foundation and identify other target audiences for whom tax time savings would be effective. This expanded SaveUSA approach will provide further evidence that tax time savings build assets. The Coalition will also assist with bringing the model to scale nationally and in a variety of program and client contexts.

Key Partners

Agency-Based Programs

While the tax season provides a direct link to potential income and savings opportunities, public programs provide another way for municipal governments to integrate asset building. Many agencies have the right infrastructure to promote asset building either through payment methods or regular interaction with clients, including referrals to more targeted financial counseling. Table 2 shows examples of how OFE has worked with sister municipal agencies to tailor and insert asset building approaches in order to improve the outcomes of their programs. Although the primary services of these agencies are not asset building, the examples illustrate promising ways to use asset building strategies in social service settings.

Table 2. Asset Building Strategies in Social Service Settings

Type of Agency	Description
Housing	<p>The New York City Housing Authority (NYCHA) Office of Resident Economic Empowerment & Sustainability (REES) has worked with OFE to offer NYCHA residents financial empowerment services. These services have included financial counseling, access to credit reports, and introductions to the NYC SafeStart Account, a safe, affordable account with low minimum balance requirements, no monthly fees, and no overdraft fees.</p> <p>There are also programs that benefit residents who are City employees. For example, NYCHA employees who live in public housing can take advantage of payroll deductions for rent payments, free checking accounts offered by OFE’s NYC Direct Deposit partners, and the Earned Income Disallowance (EID). The EID allows tenants who have been out of work to accept jobs without having their rent increase immediately. Employees can leverage this period of reduced rent to save and pay down debt. Due to these targeted financial interventions, expected supervitamin effects for the host, NYCHA, include clients with rent arrears catching up on rent faster and reduced recidivism.</p> <p>Working with the New York City Department of Housing Preservation & Development (HPD), OFE is piloting financial counseling for participants in the Family Self-Sufficiency (FSS) program. The FSS program is a job training, placement, and education program for HPD Section 8 Voucher holders. The program provides financial rewards for participants, increasing their earnings and helping to reduce the disincentive to work because rent amount is tied to income. Once participants’ rent is due to increase because of an increase in employment income, they are able to keep their rent at the same rate while contributing the increase into an escrow account eligible for up to a dollar-for-dollar savings match. After completing five years in the program and meeting graduation requirements, participants receive a check with all the funds they accumulated in their escrow account during their participation. Participants can graduate from the FSS program with substantial savings, and HPD is looking for ways to help clients better manage and leverage these savings. The program aims to ensure that participants use these funds to start down a pathway to being more financially stable, reducing the need to draw down on public assistance while moving into independent housing.</p>

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Type of Agency	Description
Human Resources Administration	The Human Resources Administration's Jobs Plus program integrates financial counseling and access to financial products into a workforce development program for public housing residents. Job Plus counselors have referred their clients to OFE's NYC SafeStart Account. Partners anticipate participants who gain employment and begin saving will see improved job retention by being better equipped to handle financial emergencies that might otherwise disrupt work.
Homeless Services	OFE worked with the Department of Homeless Services on Work Advantage, which helped residents receiving rental subsidies save a portion of their income in matched saving accounts so that they could become self-sufficient. OFE provided Work Advantage clients with information on accessing affordable and safe financial institution products and services that could help them save and make their money grow. The shelter staff also provided the clients with information on tax credits and free tax preparation options. Clients who received this intervention saved more than their counterparts who did not, providing them with the means to sustain living in independent housing and potentially guard against recidivism back into shelter.
Youth and Community Development	In addition to working with the Department of Youth and Community Development (DYCD) Summer Youth Employment Program (SYEP) to connect participants to checking accounts, OFE has also promoted the integration of savings accounts to DYCD's Out-of-School Youth (OSY) and Young Adult Internship Program (YAIP) providers. The young adults in these programs are paid, and the participants are encouraged to save during the program and as they seek permanent employment. Similar to a workforce integration with an adult population, partners anticipate participants who save while working will see improved job retention by being better equipped to handle financial emergencies that might otherwise disrupt work; and, given a somewhat younger audience, the ability to foster a savings commitment early on.
Across Multiple Agencies	In 2009, OFE created EasySave, which allowed City workers to directly deposit payroll deductions into a savings account in partnership with the Municipal Credit Union (MCU). Unlike retirement accounts or other defined contribution plans, there were no penalties for withdrawals, savings could be used for multiple purposes, and the account came with an ATM card. This program was offered at several City agencies and demonstrated that employers can help employees make the most of their paychecks by making automatic savings a regular part of the payroll process. EasySave aimed to provide City workers an easy mechanism since the savings commitment was automatically transferred from a worker's pay every month. This flexible financial cushion would be easy to access in case of economic shocks that might impact work productivity.

Targeted Populations

OFE has also worked with a variety of client populations to stress the importance of saving as a way to become financially stable, achieve greater self-sufficiency, and protect against financial emergencies that can diminish gains made in other social service interventions. OFE's work in New York City with targeted populations is outlined below; nationally, efforts to work with targeted populations on asset building have included programs that help older adults, people with disabilities, foster care youth, entrepreneurs, and more.

Immigrants

Immigrants with low incomes who are cash earners and saving money in their homes are a particularly vulnerable population. Money stashed at home can be lost, stolen, or accidentally destroyed. Also, immigrants may be less familiar with the financial services available throughout the City, have concerns about the types of identification needed to open a banking account, or worry that financial institutions will not speak their language.

OFE has worked with organizations such as the Mayor's Office of Immigrant Affairs and the New York Immigration Coalition to connect immigrants to savings products like the NYC SafeStart Account. These savings accounts, in particular through credit union partners, have flexible identification requirements, which allow individuals to open accounts with Individual Taxpayer Identification Numbers (ITINs) or foreign passports. Such products help shorten immigrant pathways to accessing mainstream financial services.

Spotlight: Asset Building and Immigrant Groups: Findings from the Immigrant Financial Services Study

In 2012, OFE fielded the Immigrant Financial Services Study, one of the first field research initiatives in New York City to look specifically at the financial needs and practices of recent immigrants. The study, which focused on three distinct first-generation immigrant groups—Chinese, Ecuadorian, Mexican—revealed a number of key findings around asset building in these communities.

Research showed that regardless of income levels or banked status, all three immigrant groups were saving and showed high levels of savings discipline and savings aspirations. For example, 74 percent of unbanked Mexicans and 69 percent of unbanked Ecuadorians reported that they had savings. Even among those in the overall sample who reported household income of under \$300 a week, 80 percent reported some level of savings.

In addition, the study identified a number of areas where misperceptions about the account opening process impeded financial access. Perceived barriers such as identification requirements and language spoken at the bank branch were identified by Mexican and Ecuadorian survey respondents as reasons for not opening an account—even though our supply-side research showed that of the 15 financial institution branches surveyed, 13 had flexible identification requirements and all 15 had Spanish-speaking staff.

The Immigrant Financial Services Study reveals a gap between the demand and supply of financial products in New York City that could help immigrant communities build assets and move forward financially. This lack of access to appropriate products and services, despite strong demand for them, means that first-generation immigrants face great challenges in strengthening the financial security of their households.

Disaster Relief and Preparedness Initiatives

Following Hurricane Sandy, OFE shared information with a number of City agencies on the NYC SafeStart Account as a savings option for those who might have been unbanked and receiving Federal Emergency Management Agency (FEMA) payments. The savings accounts were readily available for households that wanted to take advantage of direct deposit or start saving in the event of future disasters. Hurricane Sandy also underscored the importance of having savings set aside for unexpected expenses such as home repairs, down payments if families have to relocate, or if employment is interrupted. Without these savings, the impact of the storm was even more pronounced for some vulnerable New Yorkers, highlighting the need for asset building strategies to be incorporated into disaster preparedness work as well as recovery efforts.

Spotlight: Asset Limits as Barriers to Asset Building

Despite the numerous benefits that assets have for social service investments, having assets can reduce clients' benefit levels, which poses a challenge to integrating asset building in public programs.

In order to determine who qualifies for government assistance, programs use different ways to calculate need. Some benefits programs are “means-tested,” meaning a family's income and savings are taken into consideration for program eligibility. In many cases, in order to qualify for programs, a family has to demonstrate that they have few financial resources or assets. While these asset tests help determine who is in need of assistance when there are limited resources, it is prohibitive for families who eventually want to get off public benefits and build wealth.

Asset limits create a disincentive to save—families may spend down savings or they may not attempt to save for fear of losing their benefits. However, having the ability to save could help these families move off benefits and live independently. To demonstrate that these barriers can in fact be lifted while still serving those in need, six states have eliminated asset limits for Temporary Assistance for Needy Families (TANF) and 36 have eliminated asset limits for Supplemental Nutrition Assistance Program (SNAP).¹⁰

III: Additional Opportunities for Asset Building

In this section we highlight policy changes and innovations that would boost the impact of antipoverty services and expand the reach of asset building initiatives to more families with low incomes.

Policy Changes

Financial Security Credit

Although the SaveUSA program will be expanded through the SaveUSA Coalition, the only way to truly bring this powerful opportunity to scale is through affecting a change in the federal tax code. OFE's SaveUSA program (originally \$aveNYC) was created with this broader goal in mind, to benefit savers with low incomes across the country. OFE has supported current legislation for a Financial Security Credit, a federal tax credit that would provide a match for qualified contributions into a range of savings vehicles, including no-risk, shorter-term products. The purpose behind this legislation is to add a refundable credit to the tax code that provides low- and moderate-income families with additional incentives to save on a national scale. For those with higher incomes subsidies such as the mortgage interest deduction, property tax deduction, and preferential rates for capital gains and dividends already exist, but there are no targeted incentives for low- and moderate-income filers. Since over 45 percent of the current federal asset building subsidies through the federal tax code go to the top 1 percent of households, something like the Financial Security Credit would be an important new way to incentivize saving in households with low incomes.¹¹

Innovations

To bring asset building to scale and maximize the impact of antipoverty work, integrating asset building strategies must be foundational to the way that nonprofits and governments provide services, with agencies and municipalities continuing to take a closer look at the right method and mix of how these strategies can be deployed within programs. There are a variety of levers that can be used to integrate asset building—increasing access to appropriate products; developing new programs, products, or incentives targeted to consumers with low incomes; and identifying additional integration points. Some examples follow.

Children's Savings Accounts

Children's savings accounts, or CSAs, are an asset building tool that is garnering interest in several states, including New York. CSA programs are integrated in a variety of settings such as schools, social service organizations, or governments, and use a state's 529 product or accounts issued by financial institution partners. While the models vary, the goal is to engage families in saving for their child's education, starting when the child is very young. A current leader in this effort, the City and County of San Francisco, created a Kindergarten to College program (K2C), which provides every kindergarten a college savings account with a \$50 deposit. Since 2010, more than 8,000 accounts have been opened.¹²

New York City organizations who are currently implementing some form of school-based savings include Juma Ventures and The Children's Aid Society. These organizations have been working with different age groups to test messaging and incentives to encourage children and their families to save for the future.

Prize-linked Savings

Prize-linked savings are an additional way to encourage saving as an asset building strategy. Promoted by the Doorways to Dreams Fund (D2D) and launched in Michigan in 2009 as part of a program called Save to Win,¹³ prize-linked savings offer credit union members chances to enter into drawings for cash prizes when they save. As members save money in savings accounts or certificates of deposit, the deposits act as entries into sweepstakes. There is no risk to the initial deposit, and both small and large cash prizes are available. The simple accounts and low required dollar amounts in the program design work well for savers with low incomes, and the cash prizes provide an incentive to save.

Prize-linked savings are unavailable in New York State; legislation that would allow this savings opportunity was introduced but vetoed in 2013. However, in addition to Michigan, prize-linked savings programs have already been implemented in states such as Nebraska, North Carolina, and Washington.

Basic Needs Savings Accounts

Families often struggle with food and health expenses, which can lead them to social service providers or City agencies for further assistance, including food stamps or emergency care. Although the implementation and account structure would need to be worked out, savings accounts targeted to basic needs and designed in partnership with local partners such as the Food Bank For New York City would allow families to save a small amount of money as a way to cover recurring food costs or assist with ongoing medical care.

Conclusion

Achieving financial stability is at the core of such challenging personal accomplishments as finding and keeping a job, transitioning out of shelter, leaving an abusive relationship, avoiding criminal behavior that leads to recidivism, and more. With the supervitamin series of reports we have shown proven strategies that New York City and other cities are using to ensure that municipal financial empowerment programs start families and individuals with low incomes on a path toward financial stability:

- Integrating professional financial counseling
- Professionalizing the field of financial education and counseling
- Integrating safe and affordable bank accounts
- Targeting consumer financial protection powers
- Integrating asset building

Of these strategies, asset building is the penultimate goal and outcome. As described, assets not only help clients of public programs get ahead in tough times ... but also help them achieve lasting financial stability.

Through the efforts of New York City, its Department of Consumer Affairs Office of Financial Empowerment, and cities across the country, evidence continues to build that integrating financial empowerment programming into core social services yields gains for clients, providers, and municipalities. The innovative, proven program and product designs described in the supervitamin series have paved the way for new and creative models for integration throughout social service delivery and have significant potential for expansion and scale.

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