

# Capital Area Asset Builders Washington, DC

# Who is CAAB?

- **Mission:**

Capital Area Asset Builders creates opportunities for people of all incomes to improve their financial management skills, increase their savings, and build wealth. We believe that a prosperous community is one in which everyone has incentives and opportunities to save for the future.

# Assets

## There are two types of assets:

- **Financial assets**, which include money in bank accounts, stocks, bonds and real estate
- **Human capital assets**, which include skills, knowledge and experience gained from education, training and work/life

## Why focus on assets?

- Assets are invested instead of “earned and spent” like income and something you can pass on to your children
- Assets increase earning potential
- Assets cushion against emergencies

# DC EITC Campaign

- Coordinate citywide campaign to educate taxpayers about the Earned Income Tax Credit (EITC) and host free tax preparation sites across the city
- 16 tax sites in DC Metro area
- More than 600 volunteers trained
- More than 6,500 taxpayers served in 2009
- \$8.15 million returned through federal and state refunds; \$2.6 million of this came from EITC
- 111 savings accounts opened and 21 savings bonds purchased
- Staffed by Campaign Coordinator (FT) and Program Assistant (0.7 FTE) plus many contractors and seasonal employees

# Financial Education

- 196 students attended Money Management 101 (MM101) at CAAB in 2008
- MM101 students can receive free one-on-one credit counseling at CAAB
- 79 students attended CAAB seminars at other agencies in 2008
- 109 individuals received one-on-one credit counseling in 2008
- Staffed by Financial Education Coordinator; some workshops led by volunteers (12) or contractors (3)

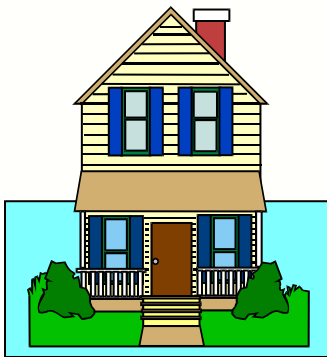
# DC Saves

- Established 2007
- 1,322 DC Savers currently enrolled
- Benefits include monthly e-newsletter, no-fee savings accounts, free money management classes, credit counseling, and financial planning services
- 52 partners have signed on to support DC Saves; about 28 are active partners
- 31 volunteers trained to promote DC Saves at free tax sites
- More than 175 people attended our annual financial literacy fair on April 4
- Staffed by Financial Ed Coordinator and Program Associate (0.3 FTE)

# Individual Development Accounts

- Matched savings accounts for individuals that can be used for:

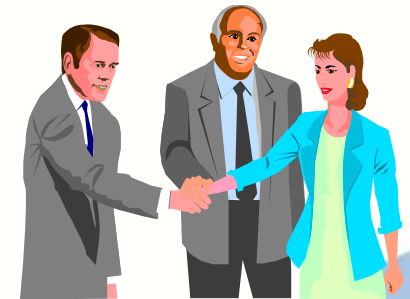
**homeownership**



**education or  
job training**



**small  
business**



# Asset Purchases

- More than **1,300** individuals have enrolled in CAAB's matched savings programs since 1997
- **555** have reached their savings goals and purchased their chosen asset:
  - **247** have invested in first time homeownership
  - **244** have invested in education or job training
  - **64** have invested in small business development
- These individuals saved over **\$500,000** in their accounts and earned over **\$1,500,000** in matching funds.

# How does it work?

- You save up to \$1,000 over a time period of at least 6 months and no more than 3 years.
- CAAB matches your savings at a rate of 3 to 1.
- You attend money management and asset-training classes, build lifelong savings habits, and learn to protect your assets.
- You invest your savings and the earned matching funds in the asset(s) that you choose (up to \$4,000).


















# Account Structure

- Escrow account opened in CAAB's name and the individual's name
- FDIC-insured money market account that earns interest
- Matching funds are held in a separate account in the same bank
- Your savings and CAAB's matching funds are combined when you make an approved purchase

# Who's Eligible?

**Household Size    Maximum Household Income**

<b>1</b>	<b>\$36,200</b>					
<b>2</b>	<b>\$41,350</b>					
<b>3</b>	<b>\$46,500</b>					
<b>4</b>	<b>\$51,700</b>					
<b>5</b>	<b>\$55,800</b>					

# Who's eligible? (cont'd)

- **DC residency** - individual must reside in the District of Columbia
- **Assets** – household's total net financial assets can not be more than \$10,000, excluding the value of a primary residence and one vehicle

# Who's eligible? (cont'd)

- A person saving for a home must be a qualified first-time homebuyer\* and must purchase the home in DC or one of DC's surrounding counties (i.e. Inside the Beltway)
- **Earned Income** – Applicant must have earned income by the IRS definition

*\* That is, he or she did not own a home in the District or area three years prior to the purchase date of the home purchased with their IDA/MDA funds*

# Credit Improvement Requirement

IDA & MDA savers with credit scores below 600 (or no score) at application are required to take action to improve their credit scores



1. Sign up for Money Management 101 at CAAB
2. Meet with Linda one-on-one to create a plan of action
3. Follow the plan & check in

# Leveraging Other Assistance

- Student financial aid or other public benefit programs
- Home Purchase Assistance Program (HPAP) for first-time homebuyers

# Marriage Development Accounts (MDA)

- Married or engaged couples
- Maximum household income \$50,000
- Save \$3,000, earn \$9,000 in match, so \$12,000 total to invest
- Minimum Deposits - \$50 per month
- Both have to attend financial education but only one can attend asset training
- Bonuses – counseling & marriage

# Research & Advocacy

- Removing barriers to saving
- Working with banks and credit unions to improve and deliver financial products and services
- Protecting consumers from abusive financial practices
- Using public policy to encourage saving & investment in low-income households

# Contact Info

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