

Challenges to Savings

Rosa Carrero, Liberty Bank

1. Low Financial Literacy
2. Predatory products
 - Payday loans create a cycle of indebtedness, cycle of borrowing, the average consumer rolls the loan 7 times
 - Refund anticipated loans – PR 100-300%, appeal to impatience, not always faster than VITA processing times
 - Check cashers – target those without banking relationships
 - Furniture loans
 - Prepaid services
 - The combination of using services is the problem

BankOn CT

Ellen Carter, Connecticut Community Foundation (formerly at CAHS)

Products individuals can use to get out of poverty

- 529 Savings plans – can incorporate product in communities otherwise neglected
- Low cost, bank accounts, secured accounts through a credit union (use own money to acquire credit) helps you get positive credit while you pay off debt.
- Second Chance Account for those on CHEX systems
- Free tax prep, VITA (ways to supplement savings behavior)
- SNAP, ACA etc – benefit income frees up other income as part of the budget

Individual Development Accounts

Marie Hawe

IDAs help you save for six different categories. IDAs are long term programs because it takes 6-9 months to change savings behavior

- CT has appropriated \$2 million for IDAs, \$1 million in federal funds, \$1 million from Habitat/United Way
- 900 have taken part
- Hard to scale ISA – very labor intensive
- In general owning assets is beneficial, financially and it's something you can pass on (civic responsibility, familial relationships) "assets are hope in concrete form"

Ideas about Asset Building

Participants know the guidelines well, depending on the branch IDA participants have different levels of preparations/financial training

EITC ~\$3,000 - \$5,000 per year, losing \$300 is negligible, may already be spending the money, already planned how to spend it so they want their money now

Role for the Asset Collaborative

- Share best practices
- “There’s risk here, here’s how we mitigate the risk”