

CSBG SPOTLIGHT:

Family Asset Building - Individual Development Account Pilot Project

by Ramsey Alwin

Lake and Pines Community Action Council, Inc., the community action agency which serves the Minnesota counties of Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs and Pine, in partnership with the Communities Investing in Families and the First National Bank of North Branch will provide ten families with the opportunity to be involved in an Individual Development Account pilot project called Family Asset Building.

Individual Development Accounts (IDAs) are matched savings accounts designed to help low-income and low-wealth families accumulate a few thousand dollars for high-return investments in education or job training, home ownership, and small business development.

Communities Investing in Families (CIF) received funding to provide an IDA program for ten families living in East Central Minnesota. The grant awarded to CIF from the Minnesota Department of Human Services included \$15,000 to provide a two-to-one match for participants. A three-to-one match was made possible through a generous donation of \$7,500 from the First National Bank of North Branch.

Participants will sign a contract agreeing to save an average of \$30 per month for a period of two years. They will decide which asset they will work toward: home ownership, higher education or small business. Participants will be required to attend financial education classes and depending on their asset goal, also attend homebuyer training, participate in career and education assessments or small business classes.

Each of the three partnering agencies will play important roles throughout the duration of the pilot project. Lake & Pines CAC and Communities Investing in Families will recruit and select participants. CIF will then connect participants with case managers who will work with them to set up a realistic savings plan and to set their savings goal (home ownership, small business, and higher education). Case Managers will monitor participant savings accounts and ensure that all participating households receive the required financial education and instruction related to their goals.

Lake & Pines CAC will be the account holder for the matching funds, set up accounting/tracking system for the funds, authorize participant withdrawal of funds, add match and pay appropriate vendors (per participate goal plan).

The First National Bank of North Branch will be the depository facility for the matching funds and will set up and manage the accounts for the participants. First National will also provide training on interpreting credit reports for Case Managers.

Applicants are still being taken for involvement in the IDA program. To be eligible to participate, individuals must have goals for their future and be willing to save \$30 per month to meet those goals. They must have dependent children at home, live in Chisago, Isanti, Kanabec or Pine County and within 20 miles of North Branch. Participants must be employed and have less than \$10,000 in liquid assets and fall within specific income guidelines. For more information on this program please contact Kathy Burski at Lake Pines CAC by calling (320) 679-1800, extension 162 or toll free (800) 832-6082, extension 162.