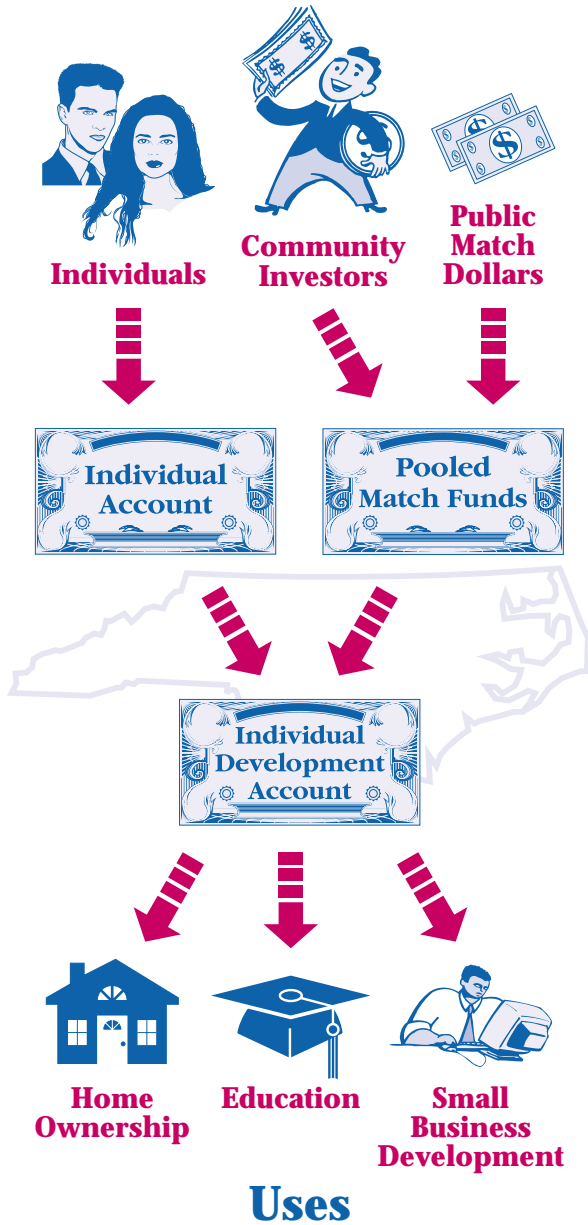


Contributions



IDA COLLABORATIVE OF N.C.

The N.C. Department of Labor is a supporter of the IDA and Asset-Building Collaborative of North Carolina. The collaborative created the nation's first comprehensive, statewide system that supports, encourages and invests in asset-building among low-wealth individuals. Since 1996, the collaborative has been fostering public awareness, mobilizing public and private resources, and creating a linked network of diverse community-based IDA demonstrations across the state.



Cherie K. Berry
Commissioner of Labor



IDAs/TANF and Special Projects
(919) 733-1387
ezoldak@mail.dol.state.nc.us



Helping Families Build Assets

"I have always dreamed of owning my own home. I would love to teach my children how to garden and plant flowers. My son needs his own bedroom."

—An Asheville Account Holder

N.C. Department of Labor
1101 Mail Service Center
Raleigh, NC 27699-1101

BUILDING ASSETS, BUILDING FUTURES



Owning a home, receiving a quality education and owning one's own business have become the keys to a better way of life. For most Americans, they are the cornerstones of financial security and stability. But for too many working families, acquiring even these basic assets remains little more than an unreachable dream.

Now, Individual Development Accounts (IDAs) are making the American dream a reality for hundreds of low-income North Carolina families. IDAs combine budget and credit counseling with a program of matched savings. These matched savings for IDA participants can come from federal, state or private sources. The account holder participates in financial management workshops and saves a small portion of earnings on a regular basis. With an IDA, working individuals earning minimum wage salaries can successfully save to become homeowners, small business owners or college graduates. They can create a better future for themselves and their children.

HELPING FAMILIES HELP THEMSELVES



IDAs are the centerpiece of a new asset-based strategy designed to build an enduring escape from poverty. Traditionally, social support services have focused on raising people just to the poverty line but not above. This approach leaves families only one sickness, one accident or one divorce away from crisis. While providing food, shelter and clothes to low-income families is imperative, this aid alone will not produce viable escapes from poverty.

Accumulating even a small savings offers a family a financial buffer and introduces a new

way of life. Helping the working poor to invest in land or education restores dignity and reinforces self-reliance; it enables people to think and plan for the future. As Dr. Michael Sherraden notes in *Assets and the Poor*, "Income may feed people's stomachs, but assets change their heads."

INVESTING IN STRONG COMMUNITIES



Participating in an IDA program provides low-income families in North Carolina with the means to make homeownership a reality. By helping account holders to accumulate savings, IDAs eliminate the primary barrier to homeownership—lack of money for a down payment. Likewise, IDA programs provide participants with the skills and knowledge necessary to make wise housing investment choices and keep up with a mortgage. In the long run, homeownership made possible through IDA programs provides a number of benefits to North Carolina communities, including:

- Increased home values and better maintained houses in low-wealth communities
- Decreased rates of school dropouts, teen pregnancy and juvenile delinquency
- An end to the cycle of poverty by providing the basis for intergenerational wealth transfer

While using an IDA to capitalize a small self-employment venture may not be the right choice for every IDA account holder, it has proven to be a viable choice for a small but significant percentage of welfare recipients. Self-employment can be an important income supplementation strategy where jobs are scarce. IDA programs allow low-wealth entrepreneurs to save the necessary start-up capital.

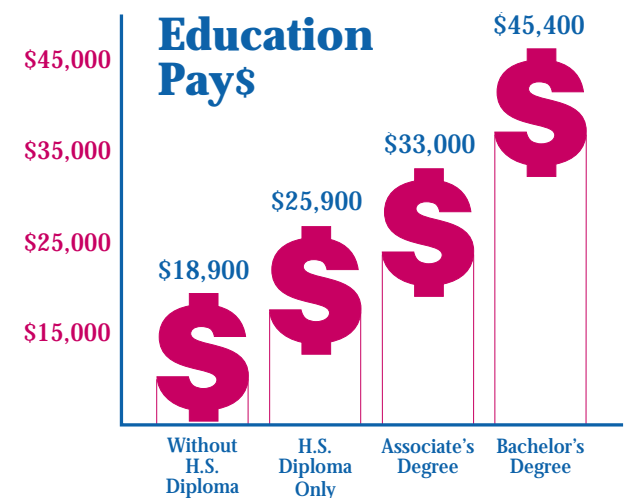
According to the U.S. Small Business Administration, half of all businesses started in the country each year are capitalized with less than \$5,000. Moreover, IDA account holders raise this capital while receiving extensive training in running their businesses.

THE VALUE OF A GOOD EDUCATION



The connection between a good education and earning a good wage is clear and growing stronger. The average annual earnings of a person without a high school diploma is \$18,900. The average earnings of a person with a bachelor's degree is a sustaining \$45,400. In almost 80 percent of North Carolina's working poor families with children, the highest educated member has only a high school degree or less.

An IDA account holder whose dream is higher education will be able to plan for that education with the assistance of a qualified career counselor and pay for it without accruing crippling debt.



Source: U.S. Bureau of the Census, March 1998, 1999 and 2000