



## Assets for Independence

The Assets for Independence (AFI) program enables low-income people to help themselves become more economically self-sufficient. Across the United States, AFI supports innovative asset building projects that feature matched savings through Individual Development Accounts (IDAs), financial education, and related services that improve the economic status of working individuals and families. AFI is a Federal program administered by the Department of Health and Human Services (HHS), Office of Community Services (OCS).

- Since AFI began in 1999, nearly 81,000 individuals have opened IDAs.
- More than 24,000 participants have used their IDA savings and match funds for asset purchases.
- On average, participants save about \$940 in their IDAs, leading up to asset purchase.

### Features of AFI Projects

**Individual Development Accounts (IDAs)** are matched savings accounts that enable low-income and low-wealth people to save money for specified goals in defined timeframes. The AFI IDA goals are homeownership, small business ownership, and postsecondary education.

HHS awards about 60 AFI grants each year.<sup>1</sup> Grants go to a variety of organizations to help them fund IDAs and other asset building strategies. The average grant is \$280,000 and covers 5 years. Grantees customize their AFI projects to meet the needs of the populations and geographic areas they serve.

### Participating Organizations

Many types of organizations administer AFI projects, including:

- Nonprofit entities that are certified under Section 501(c)(3) of the IRS code
- State, local, and tribal government agencies applying jointly with nonprofit organizations
- Community Development Financial Institutions that partner with community-based antipoverty groups
- Low-income credit unions that partner with community-based antipoverty groups
- Consortia of organizations and agencies that target multiple service areas

### Savings Goals

AFI permits savings and match funds to be used for three specific asset goals:

- First-time homeownership
- Business capitalization
- Postsecondary education or training

### Match Rates

For each dollar a participant earns and saves, the AFI grantee provides a match of between \$1 and \$8. (About three-quarters of the grantees offer matches of \$2 or \$3 for each dollar earned and saved.) The Federal portion of the match is capped at \$2,000 per participant. The grantee must ensure that the match also includes at least an equal amount of non-Federal funds.

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<sup>1</sup> AFI also supports two special projects administered by Indiana and Pennsylvania. Those State projects have rules and characteristics that are different from typical AFI projects.



## Financial Education and Asset-Specific Training

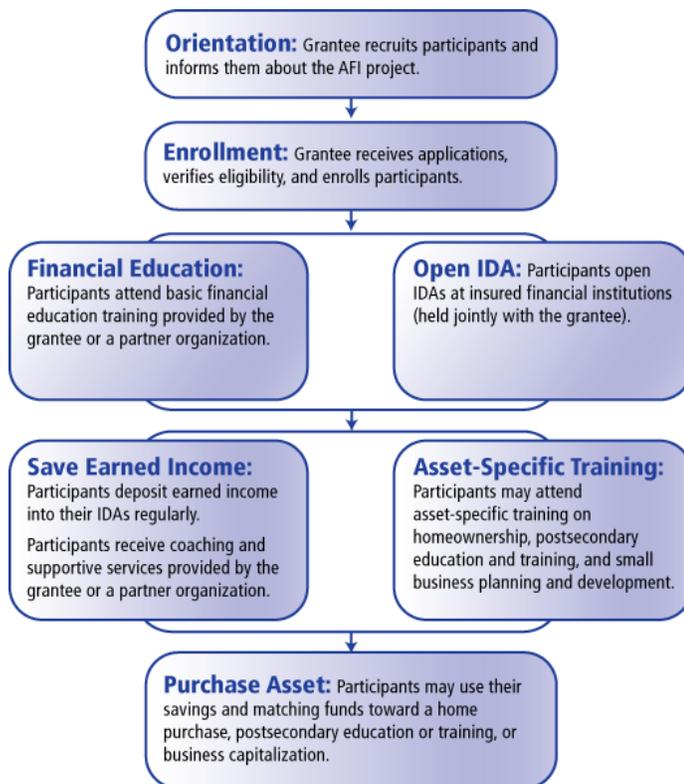
AFI participants receive financial education. Grantees choose appropriate financial education curricula. Topics usually include budgeting, saving, credit use, investments, and taxes. Grantees also offer training related to participants' intended asset purchases.

### Participant Eligibility

To qualify to participate in an AFI project, an individual must:

- Be eligible for Temporary Assistance for Needy Families (TANF) at the time of application, OR
- Have an adjusted gross household income equal to or less than 200 percent of the Federal poverty line or be eligible for the Federal Earned Income Tax Credit, and have household net worth less than \$10,000 (excluding the value of a primary dwelling and one motor vehicle).

### Using AFI to Help Participants Build Assets



## Non-Federal Funds

Each AFI project must include non-Federal cash funding in an amount at least equal to the AFI grant. Grantees may draw down their Federal grant award in increments, up to an amount equivalent to their non-Federal cash contributions. Both Federal and non-Federal dollars are held in a bank account owned by the grantee. At least 85 percent of the AFI grant and the required non-Federal cash must be used to match IDA savings; no more than 13 percent may be used for financial education and other activities; and at least 2 percent must be available for data collection for the HHS-supported research on the effects of IDAs and impacts of the AFI program.

### Evaluation Findings

HHS-supported research shows that AFI project participants derived substantial benefits from using IDAs and related services.

For example, by the end of the third year after opening an IDA:

- the homeownership rate rose by 17.8 percent, to 41.2 percent;
- the percentage of business owners rose by 8.3 percent, to 24.1 percent;
- and 46.3 percent of participants had engaged in some postsecondary classes or coursework, including college and vocational or technical training.

Comparisons to a corresponding national sample of demographically matched, AFI-eligible nonparticipants showed that AFI savers were much more likely to be homeowners or business owners, or to pursue postsecondary education.

### For More Information

The AFI Resource Center provides free information, and training and technical assistance to organizations that are interested in learning more about AFI, IDAs, and related services. In particular, it provides information and support on developing applications for AFI grants. To learn more, please visit [www.IDAresources.org](http://www.IDAresources.org), or contact the AFI Resource Center at [info@IDAresources.org](mailto:info@IDAresources.org) or 1-866-778-6037. [AFI](#)