



# The Saving, Earning and Enabling Dreams (SEED) Act

Creating more homeowners, more small businesses and a more skilled workforce in Washington State

## Promoting economic recovery for Washington

- Every public dollar invested in IDAs generates 5 dollars in economic activity. That means new businesses, new jobs, new and improved homes, more tax revenue and increased educational achievements!

## Washington can DOUBLE its investment

- Through state-run IDAs local communities can pull down a dollar for dollar match from the federal government under the national Assets for Independence Act (AFIA.)

## Helping people invest!

- With an average matching rate of 2:1, people with low incomes who participate in IDAs accumulate approximately \$700 in savings a year.
- The average IDA account holder saves 1.6% of their monthly earnings.

## Savings make a difference in the long-run!

In a national survey, people who participated in IDAs reported other positive economic outcomes!

- 59% said because of their participation they were more likely to stay employed or keep their job.
- 60% said that their participation in IDAs made it more likely they would make educational plans for their children.

Source: Corporation for Enterprise Development (CFED).

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The way most Americans achieve their dreams is by buying assets that grow in wealth over time. As people save and invest, they help others achieve their dreams as well - by building a stronger economy for everyone. However, for many saving money and buying assets is a goal that is perpetually out of reach in the struggle to meet basic needs. In fact, half of all American families have less than \$1,000 in savings.

In order to provide a better future for their families, people with lower incomes must have the opportunity to save money and build assets as well. In doing so, they will not only realize their dreams, but will participate in and contribute to the economic recovery of our state, by buying homes, starting small businesses and becoming higher skilled workers. According to the Corporation for Enterprise Development, a national asset-building think tank, every public dollar invested in IDAs generates 5 dollars in economic activity!

The Savings, Earnings and Enabling Dreams (SEED) Act will create new opportunities for people with lower incomes to save and participate in our state's economic recovery, by strengthening and expanding Individual Development Accounts (IDAs.) IDAs are savings accounts for people with lower incomes that help them save for home, business and education (see right.)

However, Washington stands to lose the only state program supporting IDAs next year. Washington has a limited IDA program for people who receive Temporary Assistance for Needy Families (TANF.) However eligibility is limited only to people on or eligible for TANF. Funding for this program will run out in June 2005 and state IDAs will end. Washington can support savings for all people with lower incomes in Washington by building on the nationwide success of Individual Development Accounts by passing the Savings Earnings and Enabling Dreams (SEED) Act (see detail at bottom.)

## What are Individual Development Accounts (IDAs)?

Individual Development Accounts (IDAs) support and encourage people with lower incomes to save and invest:

- Local community agencies partner with banks and financial institutions to create savings accounts
- Participants receive financial training to help them plan a family budget and save.
- For every dollar the account-holder saves the state matches a dollar.
- Account-holders can draw money out for one of three "allowable uses" 1) To buy a home 2) To start a small business 3) To finance higher education.

# The Saving, Earning and Enabling Dreams (SEED) Act:

**The Saving, Earning and Enabling Dreams (SEED) Act** will maintain and expand state-funded Individual Development Accounts (IDAs) in Washington based on the following components:

- \$3 million in state general funds, which can be leveraged by local communities to receive additional federal funds.
- Eligible participants are at or below 80 of Area Median Income (AMI) or 200% of

the Federal Poverty Line (FPL) which-ever is greater in their local area.

- In addition to buying a home, financing education or starting a business, participants would be allowed to purchase cars or computers or assistive technologies for people with disabilities.
- The Washington Department of Community, Trade and Economic Development will administer the program.