



OFFICE OF  
STATE TREASURER  
DENISE L. NAPIER

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# NEWS

**FOR IMMEDIATE RELEASE**

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## **LEGISLATURE APPROVES STATEWIDE FRAMEWORK FOR INDIVIDUAL DEVELOPMENT ACCOUNTS; PUBLIC-PRIVATE PARTNERSHIP TO HELP LOW-INCOME FAMILIES**

Saying that "citizens at the bottom rungs of the economic ladder have not benefited from the financial successes of our flourishing economy, and as the wealthiest state in the nation, we must change that," State Treasurer Denise L. Nappier is looking forward to the start of a new statewide initiative approved by the General Assembly following the recommendations of a statewide task force she appointed.

The goal of the Individual Development Account (IDA) legislation, approved on the final day of the 2000 legislative session last Wednesday, is to provide Connecticut's low-income working families with new opportunities to build assets and improve their knowledge of personal finance on the road to economic self-sufficiency.

IDAs are matched savings accounts which enable low income families to save for first-time home purchases, job training and education or business start-ups. An important element of the IDA initiative is a financial literacy education program that account-owners are required to participate in. Under the program, matching funds are not released to the account owner until savings goals are met, usually within 1-5 years.

"IDAs teach working families how to build their assets and gain a foothold on the ladder of success," Nappier said. "For families living from paycheck to paycheck, an IDA program is one way to offer hope that hard work will bring results. It is the best investment we can make," Nappier said.

The legislation, which received bi-partisan support, creates a structure for effective IDA partnerships between the private sector, community-based organizations and government. Traditionally, these programs are operated by local organizations working with financial support from the government, businesses and/or philanthropic organizations. Currently, Connecticut has only a handful of IDA programs, and no statewide strategy to expand opportunities to participate.

Nappier also expressed her appreciation to the Rowland administration for their support of the IDA initiative. The budget approved by the legislature includes an allocation of

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\$400,000 to begin an IDA clearinghouse, provide matching funds for saver contributions to IDA accounts, and help defray administrative costs borne by local IDA service providers. The bill also expands the Human Capital Investment tax credit to include corporate contributions to state IDA programs. The Connecticut Department of Labor will administer the program.

Earlier this year, Fleet Bank announced a \$400,000 commitment to support the establishment of IDA programs and accounts in Connecticut, which includes matching funds to support a federal grant application that is to be submitted by the Department of Labor later this month. Approval of the state legislation will aid the federal grant application.

The Task Force recommendations, outlined in a 170-page report issued in January, followed an 8-month study by a 23 member panel that included representatives of community-based organizations, financial institutions, state and local government. It was the first such Task Force formed in the nation, appointed and convened by Nappier in May, 1999. Additional information is available on the Treasurer's Office website at [www.state.ct.us/ott](http://www.state.ct.us/ott)

"This is an asset-building strategy that is all about opportunity. It's about making a real investment in people, and getting a good return that will make a difference in people's lives and in the life of our community," Nappier said.

Twenty-seven states have already adopted some form of IDA legislation.