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NAPPIER TO CONVENE STATEWIDE TASK FORCE TO EXTEND SAVINGS OPPORTUNITIES FOR LOW-INCOME FAMILIES

Individual Development Account programs have proven successful elsewhere in establishing savings accounts and financial education for low-income families

(Hartford) -- Connecticut State Treasurer Denise L. Nappier today announced plans to convene a Statewide Task Force next month to recommend ways to expand the availability of savings accounts that offer low-income families a new means of saving money for their future.

The savings vehicle, called Individual Development Accounts (IDAs), are typically accounts established by individuals of limited financial means, with a specific restricted purpose for the funds such as continuing education, purchasing a home or starting a business. The accounts provide a means of accumulating funds, often with the assistance and involvement of community-based organizations, financial institutions, or state or local government.

"Effective IDA programs can be an immense help to low-income families struggling to make ends meet today while trying at the same time to begin saving money for the first time purchase of a home or for a college education," Nappier said. "We ought to find innovative, creative and long-lasting ways to help people who have the desire and willingness to help themselves and their children to build a better future."

IDAs provide working families with financial incentives, such as matching funds and reduced-fee banking services, to save and grow assets. Establishment of the accounts is often accompanied by basic financial management education and training for account holders, frequently in conjunction with community organizations.

"The availability of IDAs in Connecticut is sporadic at best," Nappier said, "and we intend to help follow through on the initiatives now on the drawing board as well as developing plans that will allow more people to participate. There's no reason why the wealthiest state in the nation should be lagging behind in efforts to help poor families save money."

To date, 25 states have approved IDA legislation, although the elements of the IDA programs differ. Key components utilized around the country include matching funds by states, employers or private sources for account holders and tax credits for contributors of matching funds. Administration of the program also varies from state to state.

Nappier said the Connecticut Task Force she is forming will bring together people who have already demonstrated interest in IDAs and those who are now learning about IDAs for the first time. The state's

only up-and-running IDA program is in Stamford, organized by a local agency. Community organizations in Hartford are currently seeking funding to establish a program in the Capital City.

"We hope to draw on the expertise and interest already here, and build on it – and we hope to really jump-start IDA initiatives and similar savings programs across Connecticut," Nappier said.

Task Force members will include representatives of the finance and banking industries, social service organizations, community-based organizations, state and local governments, the business community, and individuals with specific expertise and interest in IDAs. Nappier said she expects the membership to be finalized and work to begin next month, with recommendations due later this year.

"Our aim is to establish a public-private partnership committed to providing people not only with a means to save money, but an opportunity to educate themselves about how to build their assets in the future. Both components are critical if we are to achieve long-term success," Nappier said.

Nappier said the Task Force members will review the experience of IDA programs around the country, and examine potential strategies to broaden participation in Connecticut. Among the issues to be considered will be the availability of public and private grant funds, development of public-private initiatives, coordination of education and outreach, and the necessity for state legislation or regulations.

"It is critical for families to begin to build their assets if they are to move from dependency to financial independence and self-sufficiency," Nappier said. "As one who spends considerable time dealing with the financial community, I intend to work with the industry and community organizations to provide meaningful opportunities that can help to improve the quality of life for all our citizens."

Also today, in Washington, Connecticut Senator Joseph Lieberman announced plans to introduce the "Savings for Working Families Act" in Congress, which would expand access to IDAs across the country and encourage participation both by individuals and financial institutions by offering a series of targeted tax credits.

"I am pleased that Senator Lieberman is showing leadership at the federal level on this issue, and I look forward to working with him and the Task Force members as the elements of our effort unfold here," Nappier said. "I am confident that together we can really make a difference in people's lives in Connecticut and across the nation."

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