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

Task Force will make recommendations on expanding access to

Individual Development Account programs in Connecticut

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

The savings accounts, called Individual Development Accounts (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. Use of the funds is typically restricted to purposes such as continuing education, purchasing a home, job training or starting a business.

"There is a growing prosperity gap in Connecticut that limits opportunities for too many Connecticut families. Effective IDA programs are one way to 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. "I expect this Task Force will help to jump-start establishment of IDA programs in Connecticut. There's no reason why the wealthiest state in the nation should be lagging behind in efforts to help poor families save money. "

Nappier was joined at a news conference today by Euneice Butler of Stamford, who is using an IDA account to save money to purchase a home for her family, and Senator Joseph Lieberman, who recently introduced legislation in Congress which would encourage participation by individuals and financial institutions by offering a series of targeted tax credits.

"The availability of IDAs in Connecticut is sporadic at best," Nappier said. "The Task Force will draw on the expertise and interest already present in Connecticut, and build on it. We must provide 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.

The 23-member Task Force 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. At present.

<http://www.state.ct.us/ott/press1999/pr052499.html>

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

To date, 26 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.

"It is my hope that this Task Force will outline a strategic plan for IDA opportunities in Connecticut that expands the availability of IDAs, establishes working partnerships between community organizations and financial institutions, and provides financial education for account holders. It is critical for families to begin to build their assets if they are to move from dependency to financial independence," Nappier said.

Nappier expressed her appreciation to Task Force members for their willingness to give of their time and expertise in the voluntary effort. The first meeting of the Task Force will be on June 11, with a final report and recommendations expected in the fall.

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