



OFFICE OF
STATE TREASURER
DENISE L. NAPIER

NEWS

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**TASK FORCE ON INDIVIDUAL DEVELOPMENT ACCOUNTS PRESENTS
FINAL REPORT, RECOMMENDATIONS ARE BLUEPRINT FOR PUBLIC-
PRIVATE PARTNERSHIP TO HELP LOW-INCOME FAMILIES**

***Fleet Bank Announces Plans to be Major Partner in Effort;
State Legislation, Federal Grant Sought to Expand Opportunities Statewide***

A statewide task force appointed by State Treasurer Denise L. Nappier today announced a series of recommendations to provide low-income working families in Connecticut with new ways to save money and improve their knowledge of personal finance on the road to economic self-sufficiency.

The Task Force on Individual Development Accounts (IDAs) issued their final report and recommendations to Nappier today at the State Capitol, stressing the importance of a partnership between the private sector, community organizations and government to propel the statewide IDA blueprint to success.

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 in IDA programs is financial literacy education provided to account-owners.

The recommendations, outlined in a 170-page report, follow an 8-month study by a 23 member panel that included representatives of community organizations, financial institutions, state and local government. It was the first such Task Force formed in the nation. Nappier was joined today by Fleet Bank Connecticut Chairman Eileen Kraus, who announced a \$400,000 commitment by the bank to support the establishment of IDA programs and accounts in Connecticut.

"This is not a Task Force report that will just sit on a shelf and gather dust. The work of this Task Force is already gathering momentum and it will make a real difference in the lives of Connecticut families," Nappier said.

Among the key recommendations of the Task Force:

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- Seek state legislation to:
 - Provide state funds to match saver contributions and help defray administrative costs borne by local IDA service providers
 - Establish a statewide IDA information clearinghouse.
 - Provide a tax credit for entities that donate programmatic or matching dollar contributions to an IDA
- All IDA account holders must participate in a financial literacy education program.
- An earned income requirement and income criteria be specified for individuals to qualify for an IDA in Connecticut
- Matching contributions be maintained in a separate account from participant savings.

“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. “One only needs to read this week’s headlines to recognize that those at the bottom rungs of the economic ladder have not benefitted from the financial successes of our flourishing economy. As the wealthiest state in the nation, we must change that.”

The Treasurer pointed out that a three-prong strategy to implement the Task Force recommendations is already underway. Task Force members have already begun:

- Encouraging the participation of financial institutions, and are helping to establish working partnerships between community organizations and financial institutions.
- Establishing a legislative working group – which has already met – to draft state legislation with the goal of establishing 1500 accounts over the next five years.
- Creating a coalition of members and other interested parties to seek federal grant support under the Assets for Independence Act.

Currently, Connecticut has only a handful of IDA programs, involving community organizations and local financial institutions. The Task Force recommendation provides a framework for expanding the number of IDA programs in the state, and the opportunities available for families to participate.

Twenty-seven states have already adopted some form of IDA legislation. U.S. Senator Joe Lieberman, who is working on federal IDA legislation, had planned to attend today’s announcement but was unable to depart Washington D.C. due to weather conditions.

Nappier stressed that the education component of the report is essential. “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 Fleet investment in Connecticut’s IDA effort includes:

- \$100,000 for a pilot program in Hartford in conjunction with a community based organization to work with early stage small businesses in need of technical assistance, business training and access to capital,

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- \$100,000 to support the community based organizations starting IDA programs, develop financial literacy components of their IDA programs and support the start-up of a state IDA clearinghouse,
- \$200,000 as part of a private sector match required as part of the federal grant application process.

“We welcome Fleet’s stepping to the plate as a major investor in the growth of IDA opportunities in Connecticut. This is precisely the type of corporate citizenship that is essential if we are to sustain our economic growth and provide all of our citizens with a real chance to achieve economic self-sufficiency,” Nappier said.

Nappier appointed the Task Force in May 1999.