

Working Paper

Overcoming Poverty: Supported Saving as a Household Development Strategy

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Working Paper No. 04-13

September 2004



Center for Social Development



George Warren Brown School of Social Work

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Acknowledgements: The authors gratefully acknowledge support from the consortium of funders who supported the American Dream Demonstration, including the Ford Foundation, Charles Stewart Mott Foundation, Joyce Foundation, F. B. Heron Foundation, John D. and Catherine T. MacArthur Foundation, Citigroup Foundation, Fannie Mae Foundation, Levi Strauss Foundation, Ewing Marion Kauffman Foundation, Rockefeller Foundation, and the Moriah Fund. The authors wish to thank Stacy Hanson, Kwofie Danso, and Jason Wead for their assistance in analyzing data for this paper.

Abstract

Low-income participants experience greater positive financial, psychological, and cognitive outcomes of saving in IDAs than controls. The study contributes to knowledge about poverty alleviation, capacity-building, and empowerment.

Introduction

When you have only what you're earning and there's none left over (which I saw a lot in my life), to not even take \$10 out, you looking at a very grim world. Because it spells no hope. And when you have no hope, you cannot move to the next phase of things, even if you want it. And see, the way I was able to produce—which most people, and if you're not really determined, they not gonna go to that next phase (C6:981). – A female control

...My IDA savings, I will tell you sweet and short, it give me one thing, it has made me a person to persevere along these lines whether hail or storm comes. It give me the incentive that it is a must in my life. That this has to be done and no matter what, I am going to do it. I have set my goals and I am going to achieve my goals (P17:3107). – A male IDA participant

Proponents of asset building argue that traditional income maintenance programs help support individuals and families in need, but do little to promote household development over the long-term (Sherraden, 1991; Boshara, 2001; Midgley, 1995, Shapiro & Wolff, 2001). Asset holding is a fundamental feature of economic development and is hypothesized have multiple positive outcomes for family welfare (Sherraden, 1991).

In this context, the idea of Individual Development Accounts—or matched savings accounts for low-income people—was conceived (Sherraden, 1988). Boshara and Friedman (2001) estimated that there were approximately 350 IDA programs with 10,000 low- to moderate-income account holders around the nation in 2001. As they have been implemented in the United States, most IDA programs support long term investments by working poor families. The match for savings is typically provided through a combination of public and private funding sources. Almost all programs require financial education (e.g., financial management and asset purchase content), although the depth and extensiveness of training varies considerably by program. Withdrawals of personal savings and IDA matches are only for approved investment purposes. Approved uses of IDAs include purchasing a first home, post-secondary education, and starting a small business.¹ Some programs also permit home repair, saving for retirement, and automobile and computer purchases.

For five years (1997 to 2003), a national demonstration of IDAs called the American Dream Demonstration (ADD), has examined the saving experiences of 2,378 participants in 14 sites. Participants have saved an average of \$19 a month in accounts that are typically matched two-to-one, with an average accumulation of \$700 per year (Schreiner, et al., 2002). Savings withdrawals by 2001 included home purchase (28%), business investment (23%), post-secondary education (21%), and home repair (18%) (Schreiner, et al., 2002). Eleven different research methods are being used to assess IDAs, including an experimental site with IDA participant and non-participant controls.

¹ IDA programs allow participants to withdraw their own savings for other purposes, but they forfeit the "match" incentive until and unless the savings is re-deposited.

This paper presents results on savings outcomes derived from qualitative interviews with IDA participants and non-participant controls in the experimental research site. First, the paper discusses research that examines savings' impacts on low-income families. Second, we present the research and methods used for this paper. Third, we present findings from qualitative interviews with a total of 84 participants and non-participant controls about savings outcomes. Finally, we examine theoretical and practical implications, including the significance of building knowledge about asset development and necessary skills among social workers.

Research on the effects of assets

It is fundamental to understand the range of outcomes from asset accumulation on family welfare. While income effects have been studied for many years, asset effects have been overlooked. Asset inequality is much greater than income inequality in the United States (Wolfe, 1996, 2000). A basic feature of household economic development, assets have been hypothesized to improve household stability, create orientation toward the future, enable focus and specialization, increase personal efficacy and social involvement, provide a foundation for risk taking, and enhance the well-being of offspring (Sherraden, 1991).

In a review essay on the effects of assets, Page-Adams and Scanlon (2001), found largely positive effects. The studies they reviewed suggested that homeownership, the single most important asset held by the most Americans, is associated with positive effects on family welfare. For example, homeownership is associated with lower divorce rates for whites and blacks. Homeownership and other asset ownership are associated with better health and mental health status (controlling for effects of income and education), and greater economic stability (Page-Adams & Sherraden, 1996; Page-Adams & Scanlon, 2001). There are positive intergenerational impacts, which include more planning for education and higher educational attainment among children and decreased transmission of poverty to children in families living in their own homes. Homeownership is associated with increased neighborhood stability and functioning, including increased property values. Homeownership was also associated with greater residential stability, increased maintenance and repair of structures, increased participation in local politics and civic organizations (but not necessarily "neighboring").

Findings also suggest less strain on households and higher psychosocial functioning, such as feelings of self-efficacy (Yadama & Sherraden, 1996), confidence, and positive relationships, in families with assets (Moore, et al., 2001). Children who grow up in households with assets have higher levels of education, employment, and earnings as adults than those from households without assets. In fact, many of the gaps between blacks and whites in these areas are largely explained by differences in wealth (Conley, 1999).

Despite these findings, assets may not be absolute "goods." For example, residential permanency may keep some people (e.g., the elderly) in unsafe neighborhoods; property value effects are lower for minority and low-income homeowners; and asset ownership among couples may operate to keep women in unsafe abusive relationships even though homeownership appears to be associated with lower levels of domestic violence (Peterson, 1980; Page-Adams, 1995; Page-Adams & Scanlon, 2001).

Keeping in mind differential and potentially detrimental impacts, overall the research suggests multiple positive effects of assets on family well-being. However, most of this research is based on homeownership. Moreover, with the exception of Moore, et al., (2001), it does not address low-income families saving in IDAs. This paper examines the experiences of people saving in IDAs and compares those to the experiences of people who may be saving, but who are not saving in an IDA. The paper asks two central questions: (1) What do savers say are the most important effects of saving, including economic and non-economic effects? (2) What, if anything, distinguishes the saving experiences of IDA participants from those who save outside of an IDA program? (3) Are there differences among high, medium, and low savers in IDAs?

Research approach

This paper is based on findings from an in-depth interview study with 59 IDA participants and 25 non-participant controls as part of the American Dream Demonstration (ADD) experimental study of IDAs. The experiment was conducted in a community-based antipoverty organization that targeted IDAs to working families with children at or below 150 percent of poverty. This paper analyzes responses about the impact of savings.

The 84 respondents were chosen randomly within three tiers of savers, out of 223 people who had been saving for at least six months in an IDA.² Interviews were designed from study hypotheses and findings from 16 case studies conducted in 1999 (Sherraden, et al., 1999). Interviews were conducted by a diverse (e.g., ethnic, racial, gender) team of seven doctoral or master's-level graduate students in social work with training in asset development, research, and face-to-face interviewing. Prior to interviews, each conducted a "mock" interview and a pilot interview.

Interviews took place during the summer of 2000. Respondents were initially contacted by letter and then by telephone to describe the project and ask permission to do the interview. According to interviewers, explaining the purpose of the interview helped to decrease suspicion and increase willingness to be interviewed. Researchers attended an orientation with community program staff about the site, operations, and social and economic environment in Tulsa. Most interviews were conducted in one session, although a few follow-up interviews were conducted. Respondents were paid \$50 for their participation, an amount assumed to cover their transportation costs and pay for their time. Coupons for a local, well-known ice cream parlor were also given to all interviewees (worth approximately \$5 each) as a token of appreciation. Most respondents left the interview with a positive impression and many said that they were glad they had participated.

The central data collection instrument was an in-depth semi-structured interviews (Merton et al. 1990; Rubin & Rubin 1995). Interview topics and open-ended questions were carefully derived from ADD research hypotheses and questions. The interview was constructed in such a way as to provide direction to research respondents, but not to restrict their responses to discrete

² There were a total of 1,038 participants and controls in the study, but most had not been saving for at least six months and were not included in the sampling frame.

categories. This provided respondents the option to directly address a question, or to bring up issues that they thought were more relevant to their experience. Each question had several open-ended follow-up questions. These helped respondents understand the questions better and helped them remember their actions, thoughts, and feeling.

Qualitative interviews were designed to build trust and collaboration in order to elicit forthright responses about sometimes sensitive topics, such as family influence, non-traditional (or illegal) income sources, and savings strategies. Respondents typically responded to inquiries by trying to help interviewers understand their experiences. Apparent contradictions were gently explored, permitting respondents to clarify their recollections. Clarification is particularly important in this study of low income and low wealth families, whose savings attitudes and behaviors have not been studied previously.

The interview itself was informal and relaxed. The interviews were largely memorized to facilitate ease and conversation flow. Respondents were encouraged to feel "in control" and to talk about topics in the way and in the order they preferred and to feel comfortable bringing up other issues. Most interviews were conducted in respondents' homes, but some preferred another venue, such as a library or hotel meeting room. Interviews lasted on average of one and a half to two hours, although seven lasted more than three hours.

Interviews explored a wide range of questions about their families and their own socio-economic background and history of saving. For IDA participants, the second half of the interview delved into their experiences with the IDA program, including access, information, savings patterns, sources of savings, goals, personnel, structures, expectations, evaluation, planned and actual uses, and perceived outcomes. For controls, similar questions were modified to refer to any formal and/or informal savings instruments and mechanisms they had used. This paper addresses respondents' thoughts about economic, personal (emotional, cognitive), family, intergenerational, social, and civic outcomes. Questions included the impact of program participation and saving on personal outlook and behavior, and impact on their families and their community. If respondents had not saved, we asked whether a lack of savings had any significance for them or their families. We also asked about the likelihood of future savings.

Open-ended questions about outcomes included: "What does this money in your IDA mean to you?" or "Have you made any changes in your life—even small ones—since you began your IDA? Did the IDA influence these changes in any way?" Such qualitative questions are well suited to the question of outcomes because closed-response questions might have limited people's responses and may have introduced ideas that would create socially desirable responses. While respondents may have guessed what we were looking for (they had been through financial education classes where they learned pro-saving attitudes and behaviors), we believed this would be less likely than if we asked a series of questions about specific outcomes. We included questions about possible negative effects, for example, "Are there ways—good or bad—that your IDA savings have changed your outlook or the way you do things?" and "Do you think you have less money for some things now that you are saving? If so, how does that affect you or your family?"

Interviews were audio-taped, transcribed, and analyzed using Atlas-ti qualitative software. Copies of each tape were made and securely stored. Originals were transcribed and entered into a qualitative software program, Atlas/Ti. Team coding (MacQueen, et al., 1998) employed extensive reliability checks and tests of internal and external validity (Miles & Huberman, 1994). One to two page profiles of each interview were also generated which offered an overview of all 84 respondents.

Respondent Characteristics

Women outnumbered men, especially in the control group (see Table 1). Almost one-half of the sample self-identified as White, one-third as African-American, and 16 percent as Asian, Hispanic, Native American or multi-racial. The distribution of race and ethnicity was similar across participants and controls. The bulk of participants had high school degrees or equivalent or some college, although approximately one fifth of the group had a college degree or more. Most were single and never married or divorced, although a larger proportion of participants were divorced or widowed compared to controls, who were more likely to be single and never married.

Table 1. Demographic characteristics of IDA participants and controls

	IDA Participants (n=59)	Controls (n=25)	Total (n=84)
Gender			
Female	42 (71.2)	21 (84.0)	63 (75.0)
Male	17 (28.8)	4 (16.0)	21 (25.0)
Race/ethnicity			
White	30 (50.8)	11 (44.0)	41 (48.8)
Black	18 (30.5)	9 (36.0)	27 (32.1)
Asian	2 (3.4)	0 (0.0)	2 (2.4)
Hispanic (Mex. origin)	2 (3.4)	1 (4.0)	3 (3.6)
Native American	2 (3.4)	1 (4.0)	3 (3.6)
Mixed race/multi-racial	2 (3.4)	3 (12.0)	5 (6.0)
Age in 2000			
19-30	9 (15.3)	9 (36.0)	18 (21.4)
31-44	27 (45.8)	9 (36.0)	36 (42.9)
45-59	19 (32.2)	5 (20.0)	24 (28.6)
> 60	4 (6.8)	2 (8.0)	6 (7.1)

(continues)

Table 1. (continued)

	IDA Participants (n=59)	Controls (n=25)	Total (n=84)
Education Level			
Less than high school	4 (6.8)	3 (12.0)	7 (8.3)
High School/G.E.D.	13 (22.0)	2 (8.0)	15 (17.9)
Some college	22 (37.3)	11 (44.0)	33 (39.3)
2 year AA degree	9 (15.3)	2 (8.0)	11 (13.1)
Bachelor degree or more	11 (18.6)	7 (28.0)	18 (21.4)
Marital Status			
Single, Never married	10 (16.9)	11 (44.0)	21 (25.0)
Married	24 (40.7)	10 (40.0)	34 (40.5)
Divorced	19 (32.2)	4 (16.0)	23 (27.4)
Widowed	6 (10.2)	0 (0.0)	6 (7.1)

Of the 59 IDA participants, the median average monthly deposits (AMD) was \$54.21. This included 20 low savers (AMD=<\$1.00 to \$27.14), 21 average savers (AMD=\$27.54 to \$65.00), and 18 high savers (AMD=\$65.38 to \$512.86).

Savings Outcomes

This paper is limited to a discussion of savings outcomes and not other program outcomes. There was ample evidence in the interviews that participation in the program resulted in decreased consumption, debt restructuring and reduction, improvement in credit ratings, encouraging children to save, and so forth. These are discussed separately (McBride, et al., 2003; Johnson, et al., 2003). The focus is on respondents' perceptions of the economic, psychological, and cognitive outcomes of savings. Economic outcomes are the material effects of saving. Psychological and cognitive outcomes involve other changes in behavior, beliefs, feelings, and attitudes.

Economic Outcomes

Both participants and controls said that there were economic impacts of savings, including greater savings and increased ability to save, asset accumulation, and intentions to save in the future.

More savings

Low-income families can and do save and when they do, they have more money because it does not flow back out of the household in the form of expenses. An IDA makes it easier to accumulate savings because there is a match. As this participant said, it is like having two people putting money in her account:

"It's almost like I have another income coming in even though I don't. I'm putting it somewhere else and then I don't see it. So when it does come back, it's almost like there's two of us working at this. You know, instead, it's really my money, but by the time they match it, it's almost like there's another person contributing money."
(P6:1804)

Even without the match, if people have savings, they have more money and feel like they have more options:

Since we started savin', well, we have more. I mean, you would have to consider it that definitely you have more. 'Cause if you didn't save you wouldn't have money for the little extra things that you put back for in life, you know. (C15:1442)

Savings are a back up. In the IDA program, even though they were all officially saving for a specific asset investment (e.g., house, business, education), many participants viewed having savings as a buffer or back up in case of emergencies or other unexpected financial need.³ For example, P57 knew that her savings were there to use if and when she needed it: *"I mean, I know it's there. I know I can use it when I need to. And if I did have an emergency and I did need to take it out, I know I can do that too"* (P57:1313). Even a "little back up" was viewed as helpful. When one low-saver participant said that her IDA meant "security" to her, the interviewer asked, "Security?" She responded: *"Uh-huh, just a little bit of security, and plus just like a little back-up plan."* (P59:1251).

Controls also said that their savings gave them financial security. Savings offered greater leeway in emergencies. C18 said her savings were important *"...because if something comes up that you know, I need or I have to have for my son...like if he gets sick or something...it's there"* (C18:1088).

Asset investments

Although relatively few controls were able to save enough money for anything other than emergencies, IDA participants talked a great deal about the investment they planned to make with their IDA savings. While many had not been in the IDA program long enough to make a withdrawal, 22 participants talked about their realized or future plans to invest their savings.

House purchase. Many IDA participants were saving for a house, but no one had yet withdrawn their money to buy a house. Participants' comments addressed the process of saving for a house rather than the effects of home ownership. P58 said *"Um, I'm excited. I'm more excited now that I have something to look forward to. Saving for my house. I'm already in there, you know, I . . . be in my house soon. So I'm excited about it"* (P58:1019).

P23a said that her savings account made a house a real possibility: *"Back then I wasn't really, in the back of my mind I was saying I wanted a house, but I wasn't working toward that goal. It was just – but these classes helped. They really do help out a lot as far as reaching that goal and how*

³ (IDA participants may use their IDA savings (not the match) for emergencies, but they are encouraged to deposit the amount as quickly as possible.)

to reach it and savin' and sacrificing and all of that" (P23a:1999). The IDA savings, and the classes she attended on financial management, played a large role in thinking about owning a home. Eventually, she planned to operate a home day care business: "For one, umm, I'll look back and see that's how I got to these goals. 'Cause I had to go through all of these parts of the process to get here. And I mean, if it wasn't for those -- for the IDA program, I wouldn't be at my goal. As far as the classes and seminar. So it plays a big part." (P23a:2764)

Retirement savings. Many respondents were saving for retirement. As 41b said, the IDA *"allowed me to save for my retirement. I mean, I have \$1500 there that I would not have [otherwise]" (P41b:526).* Saving for retirement was facilitated by a decision at the agency that permitted participants to roll over their IDA savings into an Individual Retirement Account when the program ended. Some IDA participants were saving mainly for retirement and others were saving for other purposes and planned to use whatever remained in their account at the end of the program to invest in an IRA.

P3 said she knew how to save prior to joining the IDA program, but had never saved any money for retirement: *"I had a savings idea before I was there. But the actual IRA I didn't really have. So, I had the savings, I knew I wanted something whenever I was older, but I didn't have an exact -- I didn't know that that's where I want it to go" (P4:1295).*

House repairs. Of those who had already withdrawn some of their IDA, several had used it for home repair. Although the match was only one to one, home repairs did not require as much savings as purchasing a home. For example, P35 used his IDA savings twice for home repairs, which prevented him from having to pull their household income:

. . . it helped me with those houses at a time when I needed it. I'd have had to do something else, you know, that might have hurt the family at that time. I don't know what I'd have had to do. I'd had to go sell my truck or something, I don't know. (Laugh) You know, and I've got to have that to work, to make money for them. (P35:1037)

The IDA *". . . allowed me to stretch my money to where I can do some of these things. I didn't have the money to fix that house up. I would have been in trouble. You know, God has a way of providing for you just when you need it." (P35:1010).* He and his wife planned to help their children buy their own homes when they grew older: *"And that way when they're grown and need a place to live, they'll have a house. 'Cause it's getting to be harder and harder for young people to get, you know, a good place to live. So this allowed me to get started on that goal, after paying everything off that I owed on. Now I'm working on that" (P35:509).*

Some pointed out that the repairs they made increased their family's net worth. For example, P31 said that her IDA gave her *"extra money to use that I wouldn't have otherwise had, you know, for my home repairs" (P31:2004).* This resulted in a *"better market value for my house" (P31:2207).* Similarly, P27 said that because he was able to use the IDA to repair his house, it was worth more: *"I'm probably worth \$10,000. Whereas two years ago I was, you know, didn't have a net worth. I was at a zero . . . if I sold my house today, we could walk away with \$10,000 cash and we wouldn't owe anybody anything" (P27:2504).* He said that if he had not been in the

IDA program, he likely would have used the family's financial surplus to repair the house, but it would not have gone as far: *"You know, we might have gotten a back door. Like I said, we're right in that transition period where now we have more money available. So we might have done some work on our house. It needed it but we wouldn't have done \$750 worth of work on it"* (P27:2287). He believed this was a good investment:

It's very important. If it hadn't come along I wouldn't have that work done on my house and actually it's almost like the investment part of the program because that \$1500 I'm gonna spend . . . the value of my house now in 2 or 3 years after I put that money into it plus the value of it going up naturally . . . it's a savings program in itself right there. I mean, a tile floor, that's gonna hold it's value forever. It's not like putting carpet in that's gonna last for 5 years. That tile floor is there forever. So, we've got a few more big items that we want to do...the garage door, maybe a new roof. And a new roof, you pay for that and that's good for another 25 years. So those are pretty good investments. (P27:2440)

P41a and his wife said that their IDA savings would result in needed repairs:

Participant: . . . now (my wife) knows that stuff will get done around the house instead of having to wait, you know? . . . if something happened [before] it would be, "we'll just have to wait until I get some extra money or we'll have to wait until something." Now, where we've got the IDA money as long as it is something for the house, we can repair it. So, say if the roof leaks or something, we can get it fixed instead of having to wait on it. If somebody comes in and throws a bottle through the window or something we can get it fixed . . . (P41a:2129)

Sometimes home repairs had a direct and positive impact on the children. One parent mentioned that the IDA money spent on home repair helped improve his children's health. When asked whether IDA saving affected his children in any way, he responded:

Yeah. Well, it's affected their health . . . got rid of the carpet. The old dirty carpet, holding all that dust and stuff. So now they don't sneeze. (P27: 2563-2568)

Education. Some were saving for education, including P3 who said that her IDA would help her get back to school: *"Um, it's money I can go back to school on. It's important"* (P3:1624). Another IDA participant said that with her IDA savings she could afford to pay tuition and books and also be able to support her family. Asked *"what does the money in your account mean to you?"*, she explained that the match money would help her pay for tuition, which meant that there would be more money for household consumption:

Well, you know . . . it represents food, it represents my child, the difference between, you know, my child literally not having a birthday present on his birthday, because that money can be used for school, which will free-up other funds that I can use And part of my school money, by having the money in an IDA account, and them matching it, my tuition is gonna be exactly covered by that money, and my books. I may end up with a couple dollars

for my books . . . which means my children will have some clothes when school starts, and they wouldn't -- you know what I'm saying? (P5:2085-2100)

She was excited at the prospect of being able to withdraw the money for school from her savings account instead of the household budget:

But, you know, right now is when I'm seeing the difference, because I'm using my first money. I haven't used any yet, I've just been putting it away. But now I'm using that first bit of money and it's making a real difference right now. So now, I can look at it and say, "Wow." Because, you know, before it was just putting the money away, but I'm getting ready to use my first...and now, you know, I'm looking at it and going, "Wow". Because I put that money away....now I'll be able to use....my kid will be able to have school clothes this year. (P5:2166)

Some participants planned to pay for their children's education with their IDA savings. One father set up savings account for his two young children, hoping they would go to college, but said jokingly “if we have problems with them in between, it'll go towards boot camp.” (P51)

Business start or expansion. Few participants had withdrawn money for a business although seven were saving for a business. P20 said that his IDA is *"my road map to my own business."* (P20:1883). *"It's my highway to my own business. It's, it's, it's my, that's my future business sittin' up in that Bank of Oklahoma. When I get that match, it's gonna open the doors..."* (P20:2012)

Impact of saving on children

As we have seen, asset investments are often viewed as a way to improve the lives of children. In fact, 17 of the 42 IDA participants with children at home (40 percent) and seven controls with children at home (30 percent) mentioned that their savings will benefit their children. They are saving to pay for their children's education, improved living environment (home purchase or home repairs), or more generally providing for their future.

But putting money aside in savings can be difficult, especially for poorer families. Parents in the lowest income families constantly evaluate when they can set a little money aside and when they must use the income to pay for necessities. P23a is trying to save regularly for a house, but the children's consumption needs come first:

*"I've got to put this \$10 in my account, but I really do need this \$10. But then I look and I think that **I really do desire a house** 'cause that's what I'm saving to buy, is a home . . . so saving takes discipline . . . **I got to make sure those four kids' needs are met** and they have clothes and have shoes and have food, you know. It's hard." (P23a:786-799)*

Future Saving

Over half (33) of the IDA participants said they intended to continue saving after the three-year program finished. They say that as a result of saving in the IDA program, they learned how to

save, it had become a "habit," and they understood better the importance of saving. Although a longitudinal study is required to observe if saving continues, these participants intend to continue.

Several described their future savings plans with certainty. P23a said: *"I'm just gonna continue (saving) for a considerable time. I mean, you know, just, I'm not going to stop. After I purchase (my asset), I'm just gonna keep saving"* (P23a:2685). P53b said: *"I'll always do that"* (P53b:2027). When P3 said she planned to continue saving, the interviewer asked her how. She replied: *"Same way. Just put the money in the savings account"* (P3:1731). Asked how long he planned to keep a savings account: *"Oh, . . . that's forever, you know, until I go on. That will be there"* (P30:2199). P18 said *"We're gonna save even if we're not in the program"* (P18:1284).

The interviewers asked how they would manage without the program structure and without a match. For example, the interviewer asked P28 if she had a savings goal before she joined the program, she said *"No, not really. I didn't think it was possible to save anything"* (P28:970). When asked if she would continue to save after the program ended, she said that she planned to save even without the IDA match because it had become a habit and she knew how to set money aside:

Participant: *Oh, I'll probably continue saving now since I've gotten in the habit of it. I'd like to, it's just, cause I never know how long my health is gonna hold out and I need to have something to fall back on if I get ill again.*

Interviewer: *And, um, if you don't the match, how you will save?*

Participant: *Oh, I'll just, I've always heard that taking your savings out first is the best way, pay yourself first. And uh, I would like to do that. I really would like to be in the financial situation where I can pay maybe 10% of my paycheck or even 5% off the top and just stick it in the savings. I just think that would be great. And I think that's really the only way you are gonna save a substantial amount, is to pay yourself first in your savings account. And I'd like to be able to do that some day. But, once I get into a house and everything, I might be able to. So it has given me a good basis of learning how to save and why you should save.* (P28:1359)

The idea that saving had become a habit emerged in several interviews. Another said that saving would be easier in the future because it had become a habit: *"I'll probably continue saving now since I've gotten in the habit of it. I'd like to, it's just -- I never know how long my health is gonna hold out and I need to have something to fall back on if I get ill again -- pay yourself first -- so it has given me a good basis of learning how to save and why you should save"* (P42b:1359). P5 said that saving had become part of her life:

Umm, like I said, I plan to start saving for my house and my car, um, trying to figure out how to get out of these debts. And then, I plan to start saving for a house and a car, so I'll probably just end up taking that account and -- possibly, or a different bank You know, at that point, saving is just something I'm

constantly doing. I think it'll be real easy to just step into just turning that from this account into something else. (P5:2288)

In another case, when the interviewer reminded him that there will be no savings match once the program was over, P21b insisted that he will continue to save because saving has **become part of the way he thinks** and he has learned that it is in his best interests:

I will do that because of what I have learned so far and because of what I know what I'll continue to learn and like I said I have already started to kind of program my mind you know, differently. And I know the importance of it now. You know, I know that I have to do it now. Where at first, remember I told you it's like you don't have to do it? Nobody's gonna punish you, nobody. But, you know, the way it's in my mind now, I have to do it. I have to do it for me. You understand? Where I didn't realize that at first. Now I do because of the program. (P21b: 2057)

Various aspects of the IDA program taught and encouraged participants how to save. Some referred to things they had learned or changes they had made that convinced them they would continue to save. For example, many developed stronger links to formal financial services that they believed would help them continue to save. For example, P16 thought that having a savings account would help her continue to save in the future: *"Because, see, we got a chance to open up a savings at the Federal Credit Union just by being a participant, so I'm just gonna keep that going too. I'm just gonna keep on going since I started. You know, I like having it there. Like I say before, for emergencies"* (P16:1394). Another participant had a savings account, but he thought he would move towards opening an annuity in the future: *"Yeah, I got my own savings account. Sure. I don't know about savings, I'm gonna go into investments. I'm gonna learn about that 'cause savings don't pay that much money on savings accounts. You have to be in some time of annuity plan or somethin'"* (P20:2104).

While saving in the program, P61 learned that she did not miss the money she put into her savings account so she planned to continue. The interviewer asked her how. She replied: *"Like I've been doing it now. Because I don't miss it, so it's not like I won't have it to do. And uh, and that time, God will even bless me with more to put back"* (P61:1439). P21b also planned to continue saving in the same way he did in the program:

As a matter of fact I'm doing it now. Of course I'm in the program and the requirement, you have to do a certain amount a month. You have, they have to see you put something up every month, right? And that's okay, that's good. But when the program is over, definitely I will have a set savings plan. And I will save something every month. And it's because of the program. (P21b:1302)

P39b said the match incentive got him started saving and that he thought he could do it on his own at the end of the program: *"...even after the program is over with, for me, I know I'll still be doing—It may take the mentality for me to think, 'Okay. I have to do this because, for a little while, you know, it's required.' But then after that then, it's for me. But the incentive is enough to get anybody started . . ."* (P39b:3221).

P42 said he would continue saving because he had learned to be a more patient saver in the program:

Absolutely, absolutely, because I think, because IDA has helped me to learn patience in saving. Does that make sense? Like we are able, you know, savings doesn't happen over night, you know, it's just something that, you set a goal, and you save it. And then when the money is there, you know. Who knows, we might continue, you know, to save for, you know. I will tell you what, it is hard to spend save. It has gotten harder to you know, yes, you know, I can see, I can see just not, I can see when we reach the \$750 every year, not spending it and saving for another year, you know. And you know, I, I can see that easily happening because you are getting used to watching it build, to not touch it, just let it continue to grow. (P42b:1888)

Comparing saving in the program to saving when it is over, P38 said he will keep saving even though there will be no one there reminding him to make a deposit: *"there's not something hovering over my head like, 'Hey, do your monthly deposit now'"* (P38:2802).

Some planned to continue saving and also were making an effort to persuade family members to save also. P45b said that instead of going out and spending her tax return, she had been saving it instead in her IDA. She planned to continue this practice every year.

Every year, I don't get much taxes, but still whatever I get, it's going in there along with whatever else I save. And then, if I can do without it, I'm going to probably make it a lifetime. (Interviewer: Okay.) As a rule, if I have tax money, I'm going shopping for something I need, or think I need anyway. But, no, I didn't even think about it all. I just went and put it in the IDA. That's the first time that I ever done that. (Interviewer: It was new in a lot of ways.) Oh, it was really new. Cause, I was thinking of what I could do with it, you know that \$207? (Interviewer: Okay.) But, then I got to thinking, you know what? This is \$207, but with them adding to it, it's \$407. It makes more sense to go and put this in there and get that funding. And so, that's the way I was thinking. But see, I didn't start thinking that way until I got in this program. I just got to thinking that right now, I'm 63, and if I had done things like this years ago, even putting \$10 or \$15, which I'm telling you. I said, "Honey, you got \$10, you can stop going to McDonald's or somewhere. You know you got \$10 or \$15 you put that in there, and by the time you get married, you will probably have some money." (P45b:521).

There is some evidence that parents' saving leads to children's saving. For example, this mother (control) said her saving is encouraging her 16-year old son to save:

*"He's even saying now that **he's seen me saving**. He's gonna be starting work soon. And he said, "Mom, my goal is to save up so I can help you, you know, pay for my schooling." So he's, that's already clicking in his mind." (C06, 1069:1072).*

Although many wanted to continue to save in the future, they were unsure that they could. For example, P48 said he would try to save, but offered little detail about how: *"I'm gonna keep trying to save, that's what I want to have some money set aside for the future"* (P48:1308). P19 was hopeful, but not sure she would continue to save: *"...hopefully this experience will help me to assume that responsibility to actually put some money in savings..."* (P19:1512). P39b was hopeful that he would continue to save in the future, but it sounded as though he was trying to convince himself: *"And so it's made me -- I'd like to think that after the program is over that I'll still see savings as something important, even if it's \$20 a month, that it matters"* (P39b:2802:2879) [emphasis ours]. Similarly, P55 said she would try to save in the future: *"I hope to and I'm going to try. I really can't say if I will or not, but I'm going to definitely try to"* (P55:1763).

Some said that they planned to save, but these plans were contingent on other factors. In some cases their choice of investment, such as purchasing a house, would involve assuming greater debt and increasing their monthly expenses. As a result, although their assets would be accumulating, they would not be in liquid form. For example, P34 said that she planned to continue saving, but it would depend on which asset purchase she makes: *"If I buy a house, then it's probably not too easy for me to save because I have to pay off this loan. Probably everything goes on this loan. But I don't know. If I do not buy a house then I probably can still put money on my retirement account"* (P34:1040). Likewise, P55 wanted to continue to save, but wondered if there would be enough surplus when the house would need upkeep and repairs:

I'd like to be able to continue to try to save, you know. Even though, you know, once, um, I actually, you know, if I could ever actually buy a home. Because you are going to need that savings, you know, as far as if anything major ever comes up, you know, as far as repairs or whatever, you know, you are going to have to have that. (P55:1763:1793)

Although many insisted that they would continue to save, the following comment suggests that it may be difficult to keep it up without the program match (incentive). When asked to discuss the importance of the various program components, P25 said :

I don't think that they should downsize the matching because the incentive, that's what keeps people saving for right now. But like I said, after awhile you get used to saving and it wasn't, like I said, after the program closes I'm gonna still save. But right now that's an incentive to keep doing it. (P25:3603:3624)

P29b also said that she would probably not keep saving without the promise of the IDA match:

How long would I save without getting that matched? Um, I don't know. I don't know that I, I, I, if there wasn't some motivation for getting it matched, I probably wouldn't save at all. I mean, there has to be some goal, some reason why you are doing it. And uh, I have a house and I have bills that I could spend that money on. So if there wasn't a reason for me to have to save, then I probably wouldn't be doing it at all. (P29b:3098)

P31 also intended to keep saving, but similarly was not quite sure how, especially without the savings match. Nonetheless, she thought it might be possible save using her use tax returns for saving:

Interviewer: *Ok. How long do you think you will save without getting the IDA match?*

Participant: *Well, to save that same amount of money, um, I don't know. That's really hard to say. Um, it might have taken a little longer because um, you know, I wouldn't have had the same amount. But on the other hand, if I used my tax money to do it, I would, but then I wouldn't, you know, it just would depend I guess. (P31:2104:2112)*

Controls were even less certain of their ability to save in the future. The following interchange among the interviewer and a wife and husband who were not in the IDA program illustrates the difficulties of setting money aside. They believed it was important to save, and they understood that saving requires changing habits and cutting back, saving little by little. However, they did not seem determined to follow through:

Interviewer: *But do you plan to start saving in the future?*

Wife: *Oh, yes, we want to. We do want to.*

Husband. *We have to. I'm not getting any younger.*

Interviewer. *So, what would make it easier for you to save, because you told me you were planning to. Right now, you're not saving. Why do you think in the future you'll be able to save?*

Husband: *Well, because right now, like you're saying, you know we're putting a lot of money into the house. And that money has to be paid, it's not free.*

Interviewer. *Okay.*

Wife: *But what makes us think we can start saving now, if we haven't really done it up until now?*

Husband: *Well, there comes a time when you have to.*

Interviewer. *But how do you plan to do it?*

Wife: *Yeah? Are you going to quit smoking?*

Husband: *Cut down on certain things. You have to.*

Wife: *Yeah (laughter).*

Interviewer. *Like you said cut down on certain things. Like what?*

Wife: *Cigarettes.*

Interviewer. *Okay. How much do you hope to save when you start saving? And what will you be saving for?*

Husband: *Whatever we can save, you know.*

Wife: *He wants to save for a little truck. I want to save for retirement. So those are our two important things that we want to save for.*

Interviewer. *So, but you didn't tell me exactly how you would do it.*

Wife: *Dollar by dollar, week by week.*

Husband: *Yeah that would be about the only way.* (C11b:1596:1648)

Some controls, however, planned to save in the future. For example, when asked "How long to you plan to have a saving account?" C6 said matter-of-factly: "The rest of my life" (C6:1190).

Cognitive and Psychological Effects of Saving

Saving has a variety of psychological and cognitive effects. These include increased feelings of security and reduced stress, greater self-confidence, increased ability to set and achieve goals, and greater sense of responsibility and increase in civic attitudes.

Sense of well-being and security

For some, having savings offers a sense of security, or as P61 said, a "security blanket": "I know what it feels like to have backup. You know, just knowing that there is a security blanket there. Even if I don't touch it, it's there and in our family" (P61:1428). P28 also said that her savings provided a sense of security, as well as hope for the future:

Just knowing that, that would give me hope for the future. Just knowing that you can't, you can't get anywhere without savings anymore. I mean, if you become disabled, nobody is gonna walk up and say, here, let me take care of this. You know, you've got to have some way to have something put aside that you can keep your family running if you have to. (P28:1512)

Savings provide this sense of security in case of hard times. P28 said: "Uh, it feels better knowing you have savings. Um, it's a little bit of security, you know" (P28:1271). P24 said: "It makes me feel a little more secure knowing that I have got a little somethin' put back someplace" (P24:2682). P36 was relieved to know that there was back up money that she could use in case

of an unexpected emergency. In fact, she had withdrawn some funds for her daughter's school expenses, even though they were not matched, and it was understood that she would pay her account back:

Yeah. So, it's, it helps you so I know that there's emergency money... where before I never had any emergency money. I mean, if I had an emergency it was like, "Okay. Now what am I gonna do? I don't know what I'm gonna do. I don't have savings or . . ." And I would call my sister and say, "Can I borrow the money?" (P36:1577)

Controls also said that savings provided a sense of security. For example, C9b said that she felt more confident and secure when she had savings, in part because it meant she did not have to borrow money when she needed a little extra:

Control: I feel more confident, actually, just knowing that something's there, you know? It may not have to be a whole lot, but as long as something's there I feel more comfortable . . . rather than not having anything.

Interviewer: Okay. And do you think your savings have influenced any of these changes?

Control: Yeah. I: How? R: I don't know how to explain it, other than it's a security. You know. That's the only word I know to come up with right at this second. But it's like—just knowing it's there helps my feelings. (Laugh) You know, I don't have to go borrow it or anything. (C09b:903)

C23 said that their small savings made them feel more secure because it offers greater choice. In this case they are able to pay for a doctor who is not covered by their insurance:

Control: We know it's there and that feels good, you know, makes you feel secure. There have been times—we don't like using traditional doctors. So, uh, to go to naturopathist, do you know about them? (Interviewer: Uh-huh.) You know, you have to pay out of your own pocket. So we like thinking about that too and having that extra money in case we want to go that route again. We have done that in the past. Where we have had to take \$500 out of our own pocket to pay for doctors. And, uh, we don't regret it but it means we have to have that extra in savings at times in case we ever need it. (C23:200)

Although most people talked about savings as security for unexpected expenses, some respondents viewed security in the longer term. For example, P61 said that her IDA savings were like a "security blanket." Although *"the match was the thing that hooked me in, now I'm there and I know what it feels like to have backup. You know, just knowing that there is a security blanket there. Even if I don't touch it, it's there and in our family"* (P61:1431). In other cases, IDA savings were considered security for old age. Even if a medical emergency, a car breakdown or some other immediate event did not occur, many said that they wanted savings set

aside for retirement. The idea, for example, that of slowing down a little as she grew older appealed to P41b. Her IDA, plus her social security, offered "peace of mind":

Well it gives me peace of mind to know that I will have some money whenever I'm too old to work. I mean, I don't plan to retire as long as I'm able to function, but it would nice not having to work so hard. And it's to know that that will be there. I mean, there's not going to be a lot because I started so late in my life but its better to start now than not at all. It's better to have a little bit than nothing. (P41b:549)

Similarly, a control also said that her retirement savings offered "peace of mind":

"Well, it's there, it's, it's somewhat a peace of mind to know that it will be there if something were to happen or I retired . . . Like all of that is peace of mind to know that you have something saved. It's good to know that you have something saved for your labor, you know" (C12a:1736-1902).

In some cases, the respondents said that the security that accompanied savings reduced stress. For example, P3 felt less stress knowing that there is money there if she needed it:

. . . it is kind of a relief to have that money in the bank if you know you made need it. It is a little less stressful, you know, like car tags and stuff like that that come up or, you know, you still have those expenses. It's just nice to know that if you, if money is going to be tight, you can always, you can still withdraw that money if you need it. And I haven't had to do that yet. But there has been a couple of times where that has been a relief to me to know that that money is there so. It's a little less stressful. (P3:1651)

Controls also said that having savings reduced stress. Asked how important her savings were to her, this control said, *"It's real important to me. It makes me feel better so I don't have to be stressed out all the time. I know that. Cause there's days I had headaches over bills – migraine headaches. Like, 'I don't know how I'm going to pay this'"* (C29). As the interviewer explored, the control linked less stress to an ability to contribute to her son's future well-being:

Interviewer: So, but what about having money in the savings account and having a savings account -- what about those things make you feel better and makes you less stressed? What exactly is it?"

Control: Knowing that I'm trying to work on [my son's] future. That makes me feel good, because at one time I couldn't even see myself saving. I couldn't even save \$10! (laugh) (C29:1722).

The idea of savings is closely associated with their future and their children's futures. In another case, the interviewer asked a control if *"having these savings plans and the trust account and all these things will affect your family, your children, in any way? I mean, you've talked about it a little bit, but how do you see this making a difference for them in their future?"* She said that

having savings reduced stress for her because she could have money set aside for her children so that she can provide for them and so that she has a back up for herself if they need her financial support:

*Ugh, it won't be as stressful for me . . . I don't want to get into financial debt when they get older, like some parents do. They may have all of it while they're coming up but then when the kids get older you know, **you never know how your kids are gonna turn out** -- you always want the best for them and you want them to be this or that. You know what I'm saying? But they may not ever go to college. You know, **they could be a burden on you**; you know what I'm saying? So I don't want to have to go into financial debt at that age in my 40's, 50's, you know what I'm saying? I just want it to be there for them so I don't have to worry about that. Not trying to come up -- or if she needs a car you know, going and pulling out a loan or marketing my property or all that kind of stuff, you know. It's just there for them. I mean I'm getting the money for them now, why not utilize it like that? Why should I go in and buy them the nicest of clothes that they gonna grow out of? You know, then to put that money so when they are grown that they can have something that's meaningful for them. (C30:1867:1895) [our emphasis]*

Family cohesiveness

Although there may be less money to spend when more income is going into savings, some participants said that the family spent more time together as a result:

*We spend a lot of family time, I think more now that we, you know, I'm trying to be, uh, trying to stay on a budget and not spend as much money. We do a lot of things together that doesn't always cost a lot of money. And I think that's a good thing. You know, **we spend more time**, and, and, just not, just not me and my kids, me, and my family, you know, we would do things that doesn't cost a lot of money. Like go feed the ducks crackers or something. (P60, 1581:1588)*

In another case, a participant said that he and his wife argue less about money since he started saving. They share a focus on the future:

*You know, that's just something we don't argue about very often anymore. **Our goals are a lot more similar**. We can talk about, you know, where we want to be in three months, or six months, or a year. And we're basically going in the same direction. Where as before, it was real obvious we weren't going the same direction. (P39b, 2597:2608)*

Sense of responsibility and civic attitudes

Despite the fact that many people are never able to save much money in their lifetimes, this study suggests that people think they **should** be saving. As children, many were told that setting

savings aside is the adult and responsible thing to do. Therefore, when they are able to save they said that they felt that they were accomplishing something right, something responsible. P2 said the program made her feel personally more responsible: *"Like wow, I've got some down payment. You know . . . it makes me feel like I'm doing something right and I want to continue to do it"* (P2:2232). Another participant said she felt "validated" by being able to save: *"Umm, I think that it's **maybe kind of validated myself as an individual** because I have something to wave in the face of the devil when he tries to accuse me of being delinquent or irresponsible. (laugh) You know?"* When the interviewer asked if she felt better about herself as a result, she responded: *"Right, it probably is a tool in esteem a little bit, you know, I'm worth something because I've been able to accomplish thus and so."* (P9:1585:1619)

P4, a low saver, felt an increased sense of responsibility, but not as much a result of having savings as because the staff of the IDA program had placed their trust in her. When asked if any of her spending or saving had changed in the last year, she said she felt responsible for doing something useful with her savings.

Participant: *No, not really. Umm, I think the main thing it's done for me is that it's saying, "We're giving this to you." You know, it's a blessing, it's you know, I wouldn't ever had, you know it's just like somebody giving you \$750 a year, you know? And what do you do with it? You either make good for it, or you do something with it. So, it's saying, "We're giving you this and do something with it." So, kind of like a trusting or a, I don't know, it just makes you want to do something good with it. You know? Like if somebody was gonna give you \$500, you know, what are you gonna do, go out and blow it? Or do you spend it on something you know that person would want you to do with it. So, I think that's the main thing.*

Interviewer: *Okay.*

Participant: *Just kind of putting it in your hands and saying, "Do something good." So, I don't know. It's kind of like the responsibility thing. **You know, the more responsibility you get, the more you do with it.*** (P4:1364)

A few participants said that their savings and sense of responsibility encouraged them to think more about other people. For example, P42b believed that in addition to learning how to save, the IDA also made him a better person. Asked if the program had *"changed in anyway your outlook, your lifestyle?"* he said:

I wouldn't say it's changed my lifestyle or anything like that. As far as outlook, yeah, yeah, it's changed my outlook a little bit. It's made me, maybe kinder, you know, in a sense, more aware, you know. I'm serious, when I was attending these classes and I'd see these people in there who haven't owned a home, you know, and who had no, no chance of owning a home. But when I see them, you know, they are talking about saving the money that they are gonna save, you know, man, that feels good, you know. Because you want the people in the world to be able to own their own home, to have their own things and such, you know. And uh, so I

guess it's, it's, I don't want to say it's made me kinder and stuff, but, you know, uh, it makes you feel good for these other people, you know, that wouldn't get a house, who haven't owned a house in their whole life. And to own a home is just, you know, after you've never owned anything, you know, to be able to own a home—that kind of feels good for other people, you know. (P42b:1822)

P9 said that having savings gives a person the flexibility to help others: "*if you don't have saving put aside then when somebody comes to you in need, if you don't have savings then you can't help them. And so part of that is the philanthropy of me, is I want to be able to help people around me. And so savings I see as the tool to be able to do that.*" (P9:1420)

Controls also said that savings (when they had them) made them feel as though they might be able to help others. For example, when the interviewer asked C23 what changed during the times when they had savings, she said (among other things) she could think about helping others: "*I can maybe help somebody else. And like we did. We did help the University. That was, uh, it was more empower, like empowered us to take control of our life more.*" (C23:1002). Although this could simply be a reflection of greater income, and an increased ability to save and give money away, an increased sense of self esteem, may be linked to a desire to help others. For example, C6 said that having savings and heightened self worth might lead him to help others in a way that he was never helped as a child:

*It gives you a great sense of worth—and that you have a goal—and you know, one day you gonna have something that you can live off of or something that you can do something major with or **even make an impact on someone else's life**. See, as a child I never had that. I had to always be the, you know, we had to always be the one to do it. I didn't have a rich uncle or a millionaire, you know, daddy where—I'm the man, I'm the person. (C6:933) [emphasis ours]*

In the following case, P8 said that owning a home makes a person feel more invested in their neighborhood: "*It's like teaching people to read and write. Home ownership changes your life and that you're now invested, you know, in the neighborhood and everything **and make people belong in society and their way of thinking and all of that***" (P8:1131).

One control said that she gave to the church regularly instead of saving for herself. This raises the question of whether increased personal savings would decrease giving to the church and other charities. For example, C23 invested in their church and their community each month:

We always, one thing we always did with our money when we got married was to give to our church. And that was a big thing that we would get involved with. We always gave the church maybe three or four hundred dollars a month. And uh, so **that was something we always did. I think we did that before we thought of savings for ourselves** you know. 'Cause we just like church, we like that community, you know. (C23:502) [emphasis ours]

Self Confidence

Being able to save, and being a "responsible" adult, heightened respondents' self-confidence. For example, asked about her overall feeling about the IDA program, P23a said *"It's great. It's a blessing. I mean, I think when they did, I mean it really gives people the confidence that they can do it with the help of the IDA. You know, it's a great program. It really is. It really put me on track. I mean, as far as saving"* (P23a:2385). P61 felt better about herself because she learned she could save: *"Just the savings part right now. And like I say, there are still some areas I still want to grow in that I'm not there. But I know now that I can do it"* (P61:1362). Likewise, P21b said that he felt better about himself: *"The fact that I know now that I am definitely saving. And it seems like it's easy now since I'm in this program -- I didn't look at myself as like a bad person or that I was doing bad before, but I can realize a change that I feel better about myself because I'm actually doing it now -- as a result of the program"* (P21b:1889).

P13 felt a sense of accomplishment. Whenever she improved her house with her savings, she felt good: *"whenever I do something like that, that I put money in there and it was quite a bit, it makes me feel better about myself"* (P13:2119). Despite low savings levels, P61 also felt better about herself because she was saving: *"I'm saving more than I ever saved. I'm still not where I want to be or need to be but I am saving. So I feel good about that"* (P61:602).

When the interviewer asked P21b if having savings made any difference in the way he looked at himself, he replied that the saving requirement made him feel better about himself:

*Just a little bit. I could say I feel better about myself. The fact that I know now that I am definitely saving. And it seems like it's easy now since I'm in this program and I've started doing it. You know, because of the requirements, partly. Yeah, I feel better about myself in that respect. You know, I mean, not just so overwhelmingly—I didn't look at myself as like a bad person or that I was doing bad before. So, you know, it wouldn't be such a big change that way. **But I can realize a change that I feel better about myself** because I'm actually doing it now. And I know that I'm doing it as a result of the program. Yeah.* (P21b:1927)

Some participants acknowledged the role of program staff in helping participants save and bringing out their best:

I think the . . . program . . . give everyone a sense of being appreciated. It gives you a sense of knowing where you are. It gives you a sense of being independent of your own self. To bring out the best in you that you had not known that was there. (P17:2990)

Controls also felt better about themselves when they were able to save. Describing childhood saving, C12b said that it felt good when he saved as a youngster: *"I felt good, you know, to look and see that I actually had some money that belonged to me"* (893). C29 said that getting her debt consolidated and beginning to save some money resulted in a little more confidence: *"I feel*

more confident a little bit. I feel like I can do things. I, like, I say a couple of years ago I couldn't even see myself trying or even wanting to go to school. Now I want to go. I want to go back" (C29: 1876).

In contrast, the few who were unable to save felt disappointment. For example, P55 wanted very much to save, but was largely unsuccessful because of economic strain in her family. In contrast to participants who felt more self-assured, she was disillusioned:

*Now I was very excited at the beginning you know, certainly and after, you know . . . getting started and everything and actually not being able to have what I want. I've been really, you know, um, disappointed, you know, and everything. In myself, not within the program. Because the program I think is wonderful. It is just, you know, just disappointment with myself, and not—just still being in that, um, same rut, you know, that rut that I've been in, you know, pretty much so all my life, you know and everything. 'Cause I don't get any support for my children's family, um, father, you know, so—It's like, you know, **you pretty much so stuck in a rut when you are trying, you know, just trying to make ends meet from day to day.** (P55:1338)*

Opportunity and hope for the future

Savings provided a concrete way to think about the future. Many participants (14) and some controls (5) said their savings represented positive choices down the road. For example, P16 said: "*I know that there's something in there, in the bank, and that if I keep adding to it then, you know, it will help me, help improve my life very much*" (P16:1086).

Having savings helped some people set goals. As P25 said, the IDA program and the savings she could accumulate in three years, encouraged her to set goals and framed the way she was thinking about her life:

I set my goals again—after I joined the IDA program, because when I joined the IDA program—just going to the classes and listening to the things and saying, "Okay, this is what I'm saving for. This is how much time I have. This program is three years, so okay." I mean, that kind of structured my whole goal setting for everything else that I'm doing. (P25:3088)

P29b said that having savings helped her plan how to take care of the various spheres of her life. Thinking about job, transportation, and housing, she believed that the IDA could help her get a place to live:

*I mean, it, **it changed priorities.** I know that if I can take care of the job part and take care of the vehicle part that [the IDA] is going to help out on the shelter part. You know, this is not something, I couldn't have done near this on my own. So if, if, I've already got some assistance in this area, and if I can take care of, you know, uh, bettering myself in my job place or if that is getting another job or going back to school, if I can take care of my vehicle, that, that area, then I know*

that by the time I am ready to do this, that my entire life, you know, I just moved stuff a whole level as far as where I'm living, what I'm driving, how I'm working. That this is one, you know, it's a pie that is split into three. If you've got your transportation and your job and your house, your three main things in your life, that's a huge part that, that's really taken care of, if for me, in a lot of ways if I just do my part. (P29b:2986)

P17 said that having an IDA savings account encouraged him to set goals and make him more determined to achieve them:

Interviewer: *Are there ways, good or bad that your IDA savings has changed your outlook on life?*

Participant: *Well, my IDA savings, I will tell you sweet and short, it give me one thing, it has made me a person to persevere along these lines whether hail or storm comes. It give me the incentive that it is a must in my life. That this have to be done and no matter what, I am going to do it. **I have set my goals and I am going to achieve my goals.** (P17:3108)*

Another participant said that his savings and participation in the IDA program gave him an incentive and strength to think about the future: *"It opens my intellect, it opens my eyes, it gives me an incentive to go on from where I am. It strengthens me, it strengthens me really"* (P17:2974). Despite relatively low savings, the program *"played a most important part in my life. It has restructured a lot of things that I never thought that was possible for me normally, than before I entered this program"* (P17:3224). *"IDA has already set me on the road with an idea, with a goal and an achievement with a purpose in life"* (P17:3337).

P39b also said that his "mindset" changed. He had decided to play an active role in realizing his future, unlike many Americans who have a "lottery sort of mindset," waiting to win instead of taking responsibility and working hard:

*. . . the second big point that stayed with me is that goals, my financial goals aren't just going to happen. There's not going to come a day that it just all of a sudden I have a lot of money. It's not going to work that way. But the only way that's going to happen is if I start doing the little things now that will build up to that, that **I'm going to take responsibility for that.** I don't know, I think that part of the American dream, of the American mindset now—the American Dream used to be that if you worked hard enough you would eventually achieve your goals—You know, these things would eventually happen. And I think the American mindset now has become—I think we feel like people that have succeeded, people that are making it, that that just sort of happens, you know . . . I think it's a lottery sort of mindset that some people win and some people lose. And so all you can do is just sit there and hope that you win some day. And that's not the way it works, unless you win the lottery. But for most people, it's what you do that's going to make a difference. (P39:1905)*

P23b viewed her savings as an investment in her future: *"instead of spending the money, I'm saving. And to me, I've saving for an investment. Cause when I do make the purchase, whatever it will be, it's gonna be an investment towards my future, towards me being successful in my future also"* (P23b:2982). P33 also saw a connection between saving and having a better future:

I'm just beginning to build goals that I wouldn't have thought about if I wasn't in the IDA program. Or actually think about a saving account or something. It wasn't even important before that, until you go in and you see, "Wow. This is important." You don't want to be paying rent and you don't want to be working at McDonald's when you are 75. So I think it's easier to save money now because it's more important. (P33:1394)

When asked if the IDA had affected her thinking about goals, future and her children, P5 said that it helped her think about the long term: *"Well, it's really got me thinking about, like I said, I don't know if I want to use all my money for education, I'd like to find out more about the IRA account, and see how that works. You know, it's really helped me in looking at the long-term, 'cause I really would like to open an IRA account"* (P5:2151).

Controls also said that savings provided greater options for the future. C9 said that while security was probably the "number one" reason why she was motivated to save, she also said: *"So, I think that's where my goals changed a little bit. Rather than having something there for security, it's gonna be, I see it as being used for something in the future, to help me for the future."*

P23b's assessment of the program provides insight into the compounding effects of saving. He said that saving in an IDA helps a person set goals. It also helps them keep their money in the account and, as a result, savings increase. They end up feeling good about themselves. Finally, in the end, goals can be achieved. About the IDA program he said, *"Uh, I think it's a, it's a good goal, I mean, it's helping people who have a hard time savin'"*(P23b:2743). He continued:

*'Cause I think a lot of people do have a hard time savin'. Uh, get in the habit of savin', they are saving for a specific goal, not just, I got some money so, well, let me go get this. 'Cause some people, they have savings account and they go and, and tap it every month, you know. Uh, and that's amazing 'cause I've had problems where I don't even think about it. When I, I, I, I can be penniless and I don't even think about that money that is in there. I mean, it's not that much anyway, but I don't even think about it. So, it's helping to say, this money is for somethin'. I'm not gonna touch it. **I think it helps, helps a person set your priorities a little bit**, you know. And then besides savin' for the purpose and accomplishing a goal and feeling good about yourself, that you got a part in it and you got rewarded for doin' it too.* (P23b:2744)

Discussion

Savings have multiple positive effects, economic, psychological, and cognitive. In simple terms, people had more money because they saved it instead of spending it. More of the participants reported having money in a savings instrument than did controls. Some savings had been converted into a different kind of asset, including a house, retirement account, house repairs, or education. Some had already invested in another asset; others said their savings made their dreams feel more achievable.

As a result of their success in saving, most of the IDA participants said they planned to continue saving, despite lack of a savings match. Saving had become part of their routine. It was a habit. Others were not quite sure and raised the very likely possibility that without the match as an incentive, it would be more difficult to make the commitment to making the difficult decision not to spend the money and to continue saving. Some said their asset investments had associated costs (e.g., home repair, higher monthly mortgage) that might prevent them from being able to save in the future.

Savings also had psychological and cognitive effects. First, savings conferred a sense of security. In most cases, respondents said that savings would be there in case of emergencies or unforeseen expenses, which would prevent them from having to scrounge or borrow the money or delay payment on something else. Some said they felt less stress as a result. Interestingly, the stress is not just a matter of having the money to pay for an immediate expense, but is associated with not having the money put aside for the family's future. One woman articulated this by saying that she felt less stress because she was able to work on her son's future.

Just as Wilson found in his study of inner city Chicago (1997), respondents are steeped in the American Dream. Reflecting their deep religious and American roots, they believe they should save and know that it is important. When they save successfully, they feel a sense of accomplishment knowing they are doing the right thing. Moreover, several reflect on their increased ability and intention to help others as a result of saving. Their ability to save and their savings lead to increased self-confidence and heightened self-esteem. For those who are unable to save, particularly those in the IDA program, a sense of disappointment in themselves laces their words. Interviews also suggest that savings offer a clearer glimpse and greater hope for the future. Just as their investments in particular assets make their dreams more achievable, they also think more about their future. As C6 pointed out (quoted in the introduction), it is "a very grim world" when there is no money left over to save. As she suggests, no savings "spells no hope," and "you cannot move to the next phase of things."

Children are both a concern and a target for parents saving. The interviews suggest that they carefully weigh their ability to save against the current consumption needs of their children. Especially in very poor families, parents worry over whether to spend or save, knowing that their children have consumption needs, but that savings offer different, but important, benefits. The evidence suggested that families take care of their children first, and then save. When one mother used her IDA savings for her college tuition, she said that freed up more money for household expenses. As targets, we observe that more than a third of parents with children in the home linked their savings to their children's current or future welfare. They said that their

savings (e.g., money, homeownership, retirement, education) provide long-term stability and increased opportunities for their children.

The findings suggest that even small amounts of savings provide a sense of security. Both IDA participants and controls said that having some savings lends a feeling of security because they have a "back up" in case of emergency. However, the data also suggest that other positive outcomes are more common among IDA participants (Table 2). First, IDA participants have an easier time saving because the program facilitates and inspires saving through match incentives, structures for saving, education, staff support and expectations (Johnson, et al., 2003). IDA participants are more likely to report that they will invest in other assets in the future and to say that they plan to continue saving in the future after the IDA program finishes. IDA participants also say they have greater self-confidence and more sense of accomplishment and are more able to set goals for the future. A few IDA participants are aware of a greater sense of responsibility and heightened civic attitude.

Table 2. Psychological and cognitive outcomes among IDA participants and controls

	IDA participants (N=59)	Controls (N=25)
Confidence	15 (25)	4 (16)
Sense of security	27 (46)	8 (32)
Future orientation/setting goals	14 (24)	5 (8)
Responsibility and civic attitude	4 (7)	0 (0)

Future research

This study suggests several directions for future research. First, it is unclear exactly what part of the IDA experiences generates these positive outcomes. Although participants refer to savings, the IDA program is actually a "bundle" of goods that includes saving incentives, access to savings instruments, economic education, and staff support, among others. Although participants point to savings, it may be difficult for them to sort out the effects of these other factors. For example, McBride (forthcoming), points out that being "selected" into an IDA program may generate some positive effects independent of other factors. Further, are there other personal or family characteristics that moderate the outcomes?

Second, does a short-term change in asset accumulation have significant effects for family interaction and child development outcomes? How quickly can any such effects be expected to occur? There is some evidence in the interviews that parents think that effects on children are positive, but does it last over the long term?

Third, what are the effects of asset acquisition beyond short-term savings outcomes? Once individuals acquire high-return assets, what effects are demonstrated or sustained?

Fourth, are the outcomes of regular on-going saving behavior and savings accumulation hierarchical? In other words, might participants progress from security, to realizing personal talents and goals, and then eventually to civic engagement and helping others?

Program and policy implications

Programs targeted toward poor families and their children should, understandably, attempt to meet immediate needs and sustain survival in the short-term. However, to have a lasting impact, attention must also be given to more long-term development outcomes that create opportunity and hope for the future.

Asset-building and creating hope for the future is not only relevant for adults and the economic situation of the household, but also might be relevant for child outcomes. Investment in assets, such as education and homeownership, may provide children with opportunities and role models that are critical to positive long-term thinking and decision making.

Although focus in welfare reform and asset building has been on economic outcomes, attention and monitoring should also be given to the more intangible psychological and cognitive impacts. In other words, as households earn income and/or save money, what is happening to their sense of security, family cohesiveness, self-confidence, hope for the future, and so forth? These interviews suggest that people are also concerned about psychological and cognitive outcomes.

Regarding social work education, students should gain conceptual and practical skills to alleviate poverty, but they should also learn how to help families build a future. Asset building, including the use of IDAs, provides one approach to assisting families to move towards empowerment and self-determination.

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