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GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

Seoul Hope Plus Savings Accounts

Asset-Building Program for Low-Income Households in Seoul

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Preface

This report was prepared for Seoul Welfare Foundation (SWF) by a research team of scholars from SWF and the Center for Social Development (CSD) at Washington University in St. Louis. Many people, both at SWF and CSD, contributed to this report. Mihyun Kim and Yunju Nam directed the day-to-day research of the project at their respective institutions. Principal authors of the main sections in the report are:

Introduction	Mihyun Kim
Asset-Building Programs for Low-Income Households in Seoul Metropolitan Government	Mihyun Kim
Qualitative Evaluation of Hope Accounts: In-depth Interviews with Program Participants	Jisung Gwon, Sunwook Chung, Hyunmira Hong, Mihyun Kim, and Eunlye Lee
Quantitative Research on Hope Accounts: Baseline Survey Results	Yunju Nam, Youngmi Kim, and Mihyun Kim
Conclusion	Yunju Nam

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Seoul Hope Plus Savings Accounts: Asset-Building Program for Low-Income Households in Seoul

Introduction

Mihyun Kim, Seoul Welfare Foundation

Seoul Welfare Foundation (SWF) launched the Seoul Hope Plus Savings Accounts program (Hope Accounts) in 2008 to promote asset building and long-term economic development among working poor families in the Seoul metropolitan area. Hope Accounts offers savings matches and related support services to participants and their families. After completing the three-year program, Hope Accounts participants can use their savings for housing, education, or business start-up. As of December, 2009, SWF had recruited three cohorts of Hope Accounts participants and had begun running the Hope Accounts program for all three cohorts.

SWF adopted asset-building policies as a “social investment” strategy. Social investment strategy has emerged as a response to new social risks in Korea. Although the traditional welfare state framework has provided income maintenance programs as a safety net against social and economic risks caused by aging, unemployment, diseases, or disasters, this approach is less effective in a post-industrial economy than it was during the industrial era. Although income maintenance programs serve at-risk populations by guaranteeing a minimum level of income, they may not be effective tools against new social risks that Korea faces in the 21st century, such as a low fertility rate, population aging, social and economic polarization, an unstable labor market, and conflicts around gender roles.

Like many other countries in the world, South Korea faces challenges from new social risks and needs an innovative approach to deal with these social problems. As in developed countries, South Korea’s social policies have mainly focused on income maintenance programs. For example, the National Basic Livelihood Security Program, introduced in 1997, guarantees a minimum standard of living by providing eligible families with benefits equivalent to differences between their earnings and the basic cost of living. This program, however, may discourage low-income families from asset building because it takes into account their assets in determining their eligibility and benefit levels. The asset eligibility rule may deter low-income families from taking steps that would help them escape poverty and break the intergenerational transmission of poverty.

Furthermore, income maintenance programs do not address the underlying causes of economic inequality. The financial crisis of 1997 exacerbated economic bipolarization, including asset

inequality. The Gini coefficient for net worth in 1998 was estimated at 0.462 in 1998 (Lee & Lee, 2001) but increased to 0.7397 in 2002 (Noh, 2003), indicating growing asset inequality in Korea. The Gini coefficient was 0.4518 for income in 2002 (Noh, 2003), demonstrating that asset inequality is more serious than income inequality.

Reflecting shifts in the social welfare paradigm and recognizing the limitations of existing income maintenance programs, the proponents of social investment strategy argue that social and economic policies should be integrated with each other. That is to say, social investment strategy recognizes that social welfare spending can be productive, contributing to economic growth and social stability. At the same time, social investment strategy takes a preventative approach instead of a remedial approach by focusing on investment in human capital development and labor market policies (Kim, Choi, Nam, Lee, & Lee, 2007).

In order to promote asset building in an at-risk population, the Ministry of Health and Social Welfare (MHSW) adopted Child Development Accounts (CDAs) in April 2007 as a social investment strategy. The CDA program was implemented to encourage children in the child welfare system (i.e., those in orphanages or group homes) to accumulate assets during childhood with the goal of facilitating their transition to adulthood (Nam & Han, in press). In addition, the Seoul Metropolitan Government introduced an asset-building program for working poor families: Hope Accounts. The first cohort of Hope Accounts was launched in 2007 at a small scale, followed by two additional cohorts of the program with larger numbers of participants. The Seoul Metropolitan Government also adopted Dream Accounts for low-income families with children aged nine or younger. Four provincial and local governments (Kyunggi, Incheon, Busan, & Geonbook) started demonstration programs of Individual Development Accounts in 2009 in collaboration with the Community Chest of Korea.

Despite increased interest in asset-building programs, we know little about their effects on participants and their families due to limited empirical evidence. To fill gaps in current knowledge, this study evaluates the Hope Accounts program in the Seoul metropolitan area. Results of this study will guide future development of asset-building programs and policies in Korea.

This report presents the results of the first multi-method study of Hope Accounts conducted by a research team of scholars from SWF and Center for Social Development (CSD). The Hope Accounts report consists of three parts. First, we provide a brief description of asset-building programs implemented by the Seoul Metropolitan Government. Second, we report findings from a qualitative study. Using information collected from in-depth interviews with 30 participants from the first-cohort of Hope Accounts, qualitative research explores Hope Accounts' effects on participants' savings, financial management, and psychological and emotional well-being. Third, we present analysis results from the baseline survey with a sample of the third-cohort participants (treatment group) and a sample of low-income residents from the Seoul metropolitan area (comparison group).

The treatment group sample was selected from the third cohort of Hope Accounts (477 out of 5,000 participants). The comparison group is composed of low-income individuals with economic characteristics comparable to Hope Accounts participants selected from the Seoul Panel Study of Welfare sample (326). Baseline survey data will provide information on demographic, economic, and other characteristics of the treatment and comparison groups before the implementation of the third cohort of Hope Accounts. The baseline survey data will be used in evaluating the effects of Hope Accounts later when we have completed follow-up surveys after the third cohort takes part in the Hope Accounts program.

Asset-Building Programs for Low-Income Households in Seoul Metropolitan Government

Mihyun Kim, Seoul Welfare Foundation

Recognizing the limitations of current public assistance programs in helping low-income households and addressing growing income inequality, Seoul Welfare Foundation (SWF) adopted asset-building programs for working poor families in late 2008. The Hope Accounts program, one of the asset-building programs comprising the Seoul Hope Dream Project,¹ aims to promote long-term economic development among low-income families in the Seoul metropolitan area (Nam, Sherraden, Zou, Lee, & Kim, 2009).

The first cohort of Hope Accounts started in December, 2007 with 100 low-income participants. The first cohort participants are required to deposit a pre-set amount every month. The Hope Accounts program provides matches to deposits made by a participant up to 200,000 Korean Won (KW) (equivalent to 200 USD at the exchange rate of 1 USD:1000 KW) each month. As of December 2009, 98 participants were enrolled in the program, resulting in a 98% retention rate and only a 2% drop-out rate. Successful implementation and promising early saving outcomes in the first cohort of Hope Accounts has prompted SWF to expand Hope Accounts. At the end of 2009, SWF selected 10,000 low-income participants for the second and third cohorts of Hope Accounts.

Program Structure of Hope Accounts

Eligibility

In order to be eligible for Hope Accounts, individuals should be residents of the Seoul metropolitan area and be 18 years or older. At the same time, income and assets should be low enough to be eligible for public assistance or be below 150% of the official poverty line. Additionally, their liabilities should be lower than \$50,000 to ensure that their participation in the program is sustainable. Applicants must prove that they have been employed for at least 10 of the previous 12 months.

Incentive

The Hope Accounts program provides matches at the rate of 1:1.5 for the first cohort participants and at the rate of 1:1 for the second and third cohort participants. At the beginning of the program, each participant is required to set a monthly savings target amount. The maximum savings target amount eligible for the match is 200,000 KW (\$200). Participants must make a deposit equivalent to

¹ The Seoul Hope Dream Project was launched by the Seoul Metropolitan Government in late 2008. The goal of this project is to help low-income families overcome poverty by providing supportive programs, such as asset-building incentives, education, housing, and other needed services (Seoul Metropolitan Government, 2008).

the pre-set savings target amount every month for three consecutive years in order to stay in the program. In case of an economic emergency, such as job loss or severe illness, participants are excused from depositing their pre-set target amount for up to six months. Unauthorized failures to make a monthly deposit for three consecutive months, however, can result in dismissal from the program. The Hope Accounts program allows participants to change their pre-set savings target amount after one year of program participation, if needed. Upon the successful completion of the program, each participant can save up to 14,400,000 KW (\$14,400) plus interest.

Matched Withdrawals

At the time of program completion, participants can take matched withdrawals from their Hope Accounts for the following purposes: housing, higher education/vocational training, or business start-up. Participants are required to choose one of these saving goals at the beginning of the program. The Hope Accounts program allows participants to change their initial saving goal as long as they choose one of the three purposes listed above. SWF monitors participants' uses of their matched savings in collaboration with case management service centers. In case of early withdrawals from the program, participants receive the full amount of their savings plus interest but cannot receive saving matches from the Hope Accounts program (Seoul Metropolitan Government, 2008).

Financial Education

Hope Accounts provides program participants with financial education. Financial education consists of three educational topics: asset management, consumption, and basic financial knowledge. Participants are required to take at least three financial education sessions in a year. Therefore, participants take at least nine classes while enrolled in the program.

Other Supportive Services

The Hope Accounts program offers other supportive services such as individual financial consultation, case management, and support group meetings, while providing opportunities to enjoy cultural events (e.g., free tickets to concerts, plays, or musicals). Financial consultation provides individualized advice and teaches knowledge and skills for prudent consumption and savings tailored to individual circumstances. SWF also provides participants with case management services to help program participants remain in the program and to develop resources meeting individual participants' needs. Support group meetings are designed to facilitate interactions among program participants. In addition, participants share useful information on home purchase and small business start-up through an online community. Furthermore, the Hope Accounts program offers free tickets to cultural performances to participants and their families.

Recruitment of Hope Account Participants

The Hope Accounts program selects participants in two stages. In the first stage, Hope Accounts places a program announcement in local media and requests district offices and social service agencies (e.g., homeless shelters, group home for single mother families) to refer eligible applicants to the program. As a result, the applicant pool recruited at the first stage consists of those referred by district offices and social services and individuals who applied for the program after learning about it through mass media. At the second stage, the Hope Accounts program interviews applicants to evaluate their potential for successful program completion and self-sufficiency. The program selects applicants who demonstrate strong will to save and present their future plans clearly.

Implementation and Management of Hope Accounts

Various organizations have worked collaboratively in implementing and managing Hope Accounts: the Seoul Metropolitan Government, SWF, the Community Chest of Korea, district offices, case management service centers, and Woori bank. Major roles of each organization are summarized below:

- The Seoul Metropolitan Government developed the Hope Accounts program design and provides administrative support and financial resources (administrative costs and funds needed for saving matches)
- Seoul Welfare Foundation manages the Hope Accounts program
- The Community Chest of Korea provides financial resources (funds needed for saving matches), using funds collected from the private sector
- District offices refer qualified applicants to the Hope Accounts program
- The case management service centers monitor savings of participants, provide counseling services and education to participants, and develop resources for participants
- Woori Bank manages the accounts

Qualitative Evaluation of Hope Accounts: In-Depth Interviews with Program Participants

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This chapter reports the findings of the qualitative evaluation of the Hope Accounts program. In-depth interviews were conducted with a small number of program participants in the first cohort of Hope Accounts for the purpose of evaluating Hope Accounts from participants' own perspectives and enhancing our understanding of the program's impacts. In addition to data from in-depth interviews, we used observation data collected at financial education and other special activity events² and participants' own essays.

Research Design

Sample Selection

The sample of qualitative research consists of 30 individuals selected from participants in the first cohort of the Hope Accounts program. The Hope Accounts program started in November 2007 with 100 participants (first cohort). In order to be eligible, a participant's family income had to be between 100% and 150% of the official poverty line. The program selected 50 participants among those nominated by district offices, 30 from those who contacted Seoul Welfare Foundation directly after finding out about the program through mass media, and another 20 from those recommended by self-support service centers, homeless shelters, or group homes for single mothers. Among those 100 individuals selected, 98 participants remained in the program as of October, 2009 (two dropped out).

In selecting the sample for the study, we first categorized program participants by household type: single-parent households, grandparent-headed households, married-couple households with children, married-couple households without children, and single-person households. Then, we randomly selected interviewees from each category. Among 30 interviewees, one case was re-categorized into single-parent household from married-couple household because the interviewee became a widow during the study (Please refer to Table 1 for sample composition).

² As described in the previous chapter, the Hope accounts program provides financial education and other supportive services, such as support group meetings, volunteering, cultural experiences, and camping. These activities are organized by the Seoul Welfare Foundation.

Table 1. Composition of In-depth Interview Sample

	Total number of participants in the first cohort of Hope Accounts	Number of cases included in in-depth interviews
Single-parent households		
Single-mother households	54	13
Single-father households	9	3
Grandparent-headed households	1	1
Married-couple households		
With child(ren)	24	9
Without a child	4	1
Single-person households	8	3
Total	100	30

Data Collection

Prior to the initial interview, each respondent signed an informed consent form. In addition, basic information on respondents and their households were collected through a simple questionnaire. The questionnaire included questions on demographic characteristics, household type, and assets and liabilities.

After the basic demographic and household information was collected through the questionnaire, in-depth interviews were conducted by interviewers with previous experience of qualitative in-depth interviews. In-depth interviews were conducted based on a semi-structured questionnaire. The main topics covered in the semi-structured questionnaire were: respondents’ experiences in the Hope Accounts program, changes respondents have experienced as a result of their program participation, and the meanings of Hope Accounts to respondents. Three sessions of in-depth interviews were conducted with each respondent between June and mid-August 2009, except in the case of one respondent who dropped out of the study after the first interview. This respondent decided not to do the second interview because she had a hard time talking about her past experiences.

Three interviewers conducted 10 interviews each. The length of each interview ranged from 40 to 196 minutes. In total, 7,355 minutes of data were collected from interviews. Additionally, authors observed one support group meeting, one financial education session, and one volunteering activity. We also utilized data from essays written by participants and their family members.

Data Analysis

Data from the in-depth interviews were analyzed, following qualitative research protocol. First, interviews were transcribed and initial line-by-line analyses were conducted. The second round of analyses were done on the three major themes that emerged in the initial analyses: experiences in the Hope Accounts Program, changes participants have experienced since their program participation, and the meaning Hope Accounts have for participants. We also analyzed observation data from financial education and other special events, and participants' and their family members' own essays.

Respondent Characteristics

This section describes descriptive analysis results from the data collected before in-depth interviews using a simple questionnaire. This section summarizes respondents' demographic and socio-economic characteristics.

Demographics

Eighty-three percent of respondents were females (N=25) and 17% were males (N=5). The average age of respondents was 48, and about half of them were in their 40's. Thirty percent of respondents had two dependents; another 30% had three dependents; 23% had one dependent; 10% had no dependents; and 7% had four dependents.

Regarding marital status, 10 respondents (43.5%) were married, eight (34.8%) divorced, four (17.4%) widowed, and one single (4.3%). Thirteen respondents lived in female-headed households (43.3%), followed by nine married-couple households with children (30.0%), three single-person households (10%), three male-headed households (10.0%), one grandparent-headed household (3.3%), and one married-couple household without a child (3.3%). Since a high portion of Hope Accounts participants are single-parent households (64%), we included a larger number of single-parent households in in-depth interviews (56.6% of the sample) than married couple households.

High school graduation was the most common education level among respondents: 14 respondents graduated from high school (46.7%), followed by six middle school graduates (20.0%), four four-year college graduates (13.3%), three elementary school graduates (10.0%), two community college graduates (6.7%), and one respondent without any formal education (3.3%). Fifteen respondents were Christians (50.0%), eight non-religious (26.7%), five Catholics (16.7%), and two Buddhists (6.7%).

Table 2. Demographic Characteristics (N=30)

Demographic Characteristics	Frequency	%
Gender		
Female	25	83.3
Male	5	16.7
Age		
30s	5	16.7
40s	14	46.7
50s	7	23.3
60s	3	10.0
70s	1	3.3
Number of Dependent		
None	3	10.0
1	7	23.3
2	9	30.0
3	9	30.0
4	2	6.7
Marital Status		
Never married	1	4.3
Married	10	43.5
Divorced	8	34.8
Separated	-	-
Widowed	4	17.4
Missing	3	NA
Family Structure		
Single-person household	3	10.0
Single-parent household		
Female-headed	13	43.3
Male-headed	3	10.0
Grand-parent headed	1	3.3
Married couple household		
With no children	1	3.3
With children	9	30.0

Table 2. Demographic Characteristics (continued)

Demographic Characteristics	Frequency	%
Education Attainment		
No formal education	1	3.3
Elementary school	3	10.0
Middle school	6	20.0
High school	14	46.7
College (2 year-study)	2	6.7
University (4 year-study)	4	13.3
Religion		
Buddhist	2	6.7
Christian	15	50.0
Catholic	5	16.7
No religion	8	26.7

Health Status

The majority of respondents reported that they were healthy: eight respondents answered “very healthy” (26.7%) and another ten (33.3%) answered “healthy.” No respondent reported to be “not healthy at all.”

Twenty-eight respondents reported not having any disabilities (93.3%), while two (6.7%) reported having disabilities. Among two respondents with disabilities, one was visually impaired and the other had a physical disability.

Table 3. Respondent Health Status

Health Status	Frequency	%
Self-rated health status		
Very healthy	8	26.7
Healthy	10	33.3
Average	10	33.3
Not healthy	2	6.7
Not healthy at all	-	-
Total	30	100.0
Disability		
No	28	93.3
Yes	2	6.7
Total	30	100.0

Housing Arrangements

Regarding housing arrangements, 17 respondents (56.7%) lived in monthly-rental housing, followed by eight respondents (26.7%) in long-term leases, and five respondents (16.7%) with other types of arrangements. None of the participants owned a house. A long-term lease arrangement requires a renter to make a large lump sum deposit (\$30,000 to \$90,000) at the beginning of the lease. Renters living in a long-term lease arrangement do not pay monthly rent. Since landlords are expected to earn investment returns on the lump sum deposits (e.g., interest from high-yield saving accounts), the full deposit will be refunded to the renter at the end of lease. Monthly-rental housing requires a monthly payment but a small initial deposit.

Table 4. Housing Arrangement

Housing Condition	Frequency	%
Type of housing (N=30)		
Own house	0	0.0
Long-term Lease	8	26.7
Monthly Rental	17	56.7
Others	5	16.7
Total	30	100.0

Employment Status

The majority of respondents (N=18) had workfare jobs (government-created jobs for low-income individuals), followed by five who had jobs in the service industry, three in sales, and two in child care. In addition, one respondent had a white-collar job and another worked in manufacturing (clothing).

Average work hours were 42.8 hours a week. The majority of respondents were temporary employees (N=20) while nine respondents were full-time employees. One respondent was self-employed. Twenty-seven respondents (90.0%) answered that they were paid on a monthly basis while some were paid hourly, daily, or in other ways. A substantial minority reported to have second jobs in addition to their main job (N=8). Those with second jobs worked at them for an average of 9.3 hours a week with average weekly earnings of \$353.

In terms of job satisfaction, fourteen respondents (46.7%) answered “so-so,” nine (30.0%) “not satisfied,” five (16.7%) “satisfied,” and two (6.7%) “very satisfied.” Among nine respondents (30.0%) who were not satisfied with their employment, five respondents (44.4%) answered that they were unsatisfied because of low level of pay, three (33.3%) due to the lack of job security, and one (11.1%) because of poor working conditions.

Table 5. Respondent Employment Characteristics

Employment characteristics	Frequency	%
Employment Type (main job)		
Workfare	18	60.0
Sales	3	10.0
Services	5	16.7
Office work	1	3.3
Child care	2	6.7
Manufacturing	1	3.3
Total	30	100.0
Work hour (main job)		
Less than 35 hours	1	3.3
35 ~ 40 hours	4	13.3
40 ~ 45 hours	18	60.0
45 ~ 50 hours	4	13.3
More than 50 hours	3	10.0
Total	30	100.0

Table 5. Respondent Employment Characteristics (continued)

Employment characteristics	Frequency	%
Employment status (main job)		
Full-time employee	9	30.0
Temporary employee	20	66.7
Self-employed	1	3.3
Total	30	100.0
Payment Arrangement (main job)		
Hourly	1	3.3
Daily	1	3.3
Weekly	0	0.0
Monthly	27	90.0
Other	1	3.3
Total	30	100.0
Secondary job		
Yes	8	26.7
No	20	66.7
No response	2	6.7
Total	30	100.0
Job satisfaction		
Very satisfied	2	6.7
Satisfied	5	16.7
So-so	14	46.7
Not satisfied	9	30.0
Not satisfied at all	0	0.0
Total	30	100.0
Reason for job un-satisfaction (N=9)		
Insecure job	3	33.3
Low wage	5	55.5
Poor working conditions	1	11.1
Total	9	100.0

Economic Status

To the question about earned income in the previous year, 11 respondents (36.7%) reported that they earned \$10,000 to \$15,000, 10 respondents (33.3%) earned less than \$10,000, five respondents (16.7%) earned \$15,000 to \$20,000, and three respondents (10.0%) earned \$20,000 to \$25,000. The remaining respondent (3.3%) earned more than \$25,000. Average household income was \$12,959.

All respondents reported owning financial assets: 17 respondents (56.7%) answered that they had financial assets with a value of \$3,000 to \$4,000, six respondents (20.0%) had more than \$6,000, five respondents (16.7%) had \$5,000 to \$6,000, and two respondents (6.7%) had \$4,000 to \$5,000. Average financial assets were \$6,627. A substantial proportion of financial assets included savings in Hope Accounts; respondents had accumulated approximately \$3,600 in their Hope Accounts at the time of interview.

In terms of real estate assets, seven respondents had assets of less than \$10,000. Another seven reported having real estate assets of \$20,000 to \$30,000, followed by five respondents with \$10,000 to \$20,000, another five with \$30,000 to \$40,000, one with \$40,000 to \$50,000, and four with more than \$50,000. Real estate assets consist mainly of rental deposits.

In terms of other assets and liabilities, three respondents reported owning automobiles. They said that they used their cars for business, work-related activities, and transportation. Fifteen respondents reported having debts. Among them, the majority (8) owed less than \$10,000 but four reported debts of more than \$30,000. Among those with liabilities, the average amount of debt was \$18,880.

The majority identified themselves as low class (n=17), followed by seven who identified as very low class. Only six respondents answered that they belonged to the middle or lower middle class.

Table 6. Economic Status

Economic Status	Frequency	%
Earned income		
Less than \$10,000	10	33.3
\$10,000 ~ \$15,000	11	36.7
\$15,000 ~ \$20,000	5	16.7
\$20,000 ~ \$25,000	3	10.0
More than \$25,000	1	3.3
Total	30	100.0
Financial Assets		
\$3,000 ~ \$4,000	17	56.7
\$4,000 ~ \$5,000	2	6.7
\$5,000 ~ \$6,000	5	16.7
More than \$6,000	6	20.0
Total	30	100.0
Real estate Assets		
Less than \$10,000	7	23.3
\$10,000 ~ \$20,000	5	16.7
\$20,000 ~ \$30,000	7	23.3
\$30,000 ~ \$40,000	5	16.7
\$40,000 ~ \$50,000	1	3.3
More than \$50,000	4	13.3
Total	30	100.0
Automobile Ownership		
Yes	3	10.0
No	27	90.0
Total	30	100.0
Debts (N=15)		
Less than \$10,000	8	53.3
\$10,000 ~ \$20,000	2	13.3
\$20,000 ~ \$30,000	1	6.7
More than \$30,000	4	26.7
Total	15	100.0
Self-identified social class (N=30)		
Middle class	2	6.7
Lower middle class	4	13.3
Low class	17	56.7
Very low class	7	23.3
Total	30	100.0

Analysis Results

This section reports on data collected from in-depth interviews with respondents. First, we report on respondents' finances. Second, we discuss the participants' experiences in the Hope Accounts program. Third, we report the impacts of Hope Accounts on participants.

Financial Conditions of Participants

This section reports on economic difficulties Hope Accounts participants face in their lives in general and challenges they have in reaching their saving goals in the program.

Most respondents said that their families had been struggling to make ends meet because of low income. "Making ends meet" is defined as having enough economic resources to satisfy basic needs such as food, housing, clothing, and utilities. Respondents also mentioned that their financial difficulties negatively affected their ability to save.

I make slightly more than \$900 a month, less than \$1,000, even though I work almost full time (Case # 3).

I rarely have any extra money in my accounts at the end of a month. I just live month to month! I had to spend a lot of money to pay for my kids' kindergarten tuition.³ I thought that I could save money when my children begin going to elementary school. This year, my youngest child finally became an elementary school student, but I could not save because there were so many other things I needed to spend for (Case # 17).

Single-parent-headed families have an even harder time making ends meet since these families usually had only one income source. These families also had difficulties in taking care of children, which is a major source of stress for parents. Childcare-related problems were an obstacle to maintaining their employment.

Although I really want to deny it, I cannot deny that I live only half of a life [since I lost my husband]. Living with a single income is like living half of a life. Other families usually have two income sources. They spend the husband's earnings on basic needs such as food, rent, and clothing, and spend the wife's earnings on something else. My family, however, now has to rely solely on my earnings to cover everything, to meet basic needs and everything else (Case # 20).

³ Kindergarten is not a part of the public education system in Korea.

I am taking care of my kids by myself. I don't have any support from anyone else, like a grandmother or aunt...if something happens to me...if I get sick, there is no one who would take care of my kids. I cannot depend on anybody. I need to be healthy (Case #17).

If someone asks me what would be the most important to me, I would answer that it is to take care of my children. If someone asks me "what do you need most in taking care of your children right now?" I would say "economic assistance" (Case # 20).

In addition to day-to-day needs, respondents were concerned about education costs, such as school supplies for their children. They also felt that they could not invest enough into their children's education because of their limited income and economic resources.

Although not very expensive, school supplies are burdensome for me to pay for, you know...One day, my eldest child asked me for money for an encyclopedia when he came home from school. He is a fourth grader so he is at an age when he needs one. An encyclopedia was something I had not expected to spend money on. I spent a couple of \$10 bills for the encyclopedia. I also have to buy new clothes for my kids since they are growing out of their clothes so quickly (Case # 17).

Although I wish my children would escape poverty when they grow up, I am not sure whether I can help them to do so...I cannot afford private academic enrichment programs for my children although they want to attend. I hope that my children will have enough money to afford these programs for their own children (Case # 20).

I work hard to support my daughter's education. I need to support her to get a good education. She studies very, very hard. She wants to attend private academic enrichment programs. Some people may think that I am spending too much money on her education. But she is different from her older siblings. She works really, really hard for her school work. She is trying to do her best. She even cries when she gets a lower grade than she expected (Case # 1).

These financial constraints and hard living situations made respondents feel stressed and guilty. Some interviewees expressed how they felt about their situations and themselves.

Now, I'm the only one who makes every single decision. I need to save for my children's college education and their future. I am worrying about emergency situations since I am raising my kids alone without my husband...I have to find a way to survive, make every decision [for my family], and prepare everything from beginning to end. I feel overwhelmed. I have too much on my plate (Case # 20).

I always blame myself for not saving money. I know that I should save but I always fail to do so. I should have found some ways to save money, but it was never easy for me to do because of the lack of self-control. For example, I spend money on cigarettes (instead of saving) (Case # 17).

Despite their challenging financial situations, respondents had tried to overcome their difficulties. Respondents worked as many hours as possible and worked even on weekends. Some interviewees reported that their children have made financial contributions to their families.

I work whenever I can. I take any job. It does not matter whether it is a part-time position on the weekend or a temporary job. I go to work wherever there is a position for me (Case #15).

My kids also are working as part-time workers. They use their own money for what they need, such as T-shirts...My children are almost financially independent (Case #15).

In summary, respondents experienced severe economic hardships as a result of their low incomes. Single-parent-headed families, the largest group in the program, were in particularly difficult situations because they had only one earner. Respondents also pointed out that the high cost of raising and supporting children is a serious challenge in their lives. Most families have tried to escape from these economic hardships through employment. Children, especially older children, in these families helped respondents financially through economic contributions from their part-time jobs.

Participants' Experiences in the Hope Accounts Program

In this section, we describe respondents' own experiences in the Hope Accounts program. This section covers respondents' stories before their accounts were opened as well as after they participated in various events in the program. Additionally, we explored respondents' experiences with program staff members.

Participants' Experience before Program Enrollment

Participants learned about the Hope Accounts program from various sources. As described earlier, 70 participants were referred by district offices or social service agencies (e.g., homeless shelters and group homes for single mothers). Others got information from mass media or family members. Receiving information, however, did not immediately lead to participation. Some were suspicious when they heard about the program for the first time. In her essay, one respondent confessed that she was doubtful about the program's promise of matched saving at the beginning:

When I first heard about Hope Accounts (in the bus on the way to work), I couldn't believe that the program would provide \$300 of matching funds every month if I deposited \$200.

This means, I could save up to \$20,000 in three years. At first, I thought that it must be a joke. How could it be! But other voice inside me said “It may not be a con. It was in the newspaper.” With my heart pounding, I called the program as soon as I got to work (Essay by Case # 2).

Throughout my whole life, I have learned that there is no such thing as a free lunch...“The Hope Accounts program sounds too good to believe,” I thought to myself (Essay by Case #13’s daughter).

Despite initial doubt, participants decided to apply for Hope Accounts because they felt that it might be their last hope. When they learned that they were selected for the Hope Accounts program, participants felt that it was a “dream-come-true” moment. Since only 100 applicants were selected for the first cohort, participants were excited at the news and felt that they were extremely lucky. Many perceived the program as a new source of “hope,” a “key to success,” or a “new light in their lives.”

When I was notified, I was really grateful. I still remember what I felt that day. Everything looked bright. I thought, “Life is livable!” I felt empowered. Before the program, I complained about the social structure. I believed that Korean society was structured so that “the rich get richer and the poor get poorer” and that there was no hope for me (Essay by Case # 26).

I felt like I finally saw a light at the end of the tunnel. I thought “Ah! I am now facing a whole new world!” (Essay by Case # 24).

At the same time, some participants were concerned and nervous because they were not confident that they could save \$200 a month. As described above, they had a hard time making ends meet with their earnings.

I didn’t know what to think [after I heard I was selected to the program]. I was not sure whether it was a good or bad thing for me. I was worried whether I could save \$200 every month for three years. Two hundred dollar was a huge sum of money to me (Essay by Case # 21).

Participants’ Experience with Various Components of Program

Participants in the Hope Accounts program were required to attend financial education, support group meetings, and other supportive activities (e.g., cultural events and volunteering activities). This section focuses on participants’ own evaluation of these program components.

Financial Education

Financial education consists of three educational topics: asset management, consumption, and economics. Participants are required to take at least three financial education sessions in a year and therefore at least nine sessions while enrolled in the program.

At the time of the interview, most participants had attended all of the sessions, including required sessions. Many expressed their satisfaction with the financial education they received. They said that the financial education sessions were very useful and informative. Some reported that they had applied what they had learned from financial education to their everyday lives.

[Seoul Welfare] Foundation has provided such quality financial education both in mandatory and optional sessions. So I am doing my best to attend financial education sessions. I have not missed any sessions so far. After gaining financial knowledge and learning about small business start-up from the financial education sessions, I realized the importance of “information.” I learned that “Information is power.” I will prepare for my future and equip myself with needed financial knowledge for three years while I am in the program (Essay by Case # 26).

Thanks to financial education classes and financial planning sessions, I now realize how ignorant and careless I was [in managing financial issues]. It was a great opportunity in that I could learn financial terminologies and gain basic financial knowledge (Essay by Case #15).

Last October, I invested every single penny into a mutual fund. I invested all the money I had saved for five years, hoping that it would bring a great return. I lost half of my investment. Instead, I should have paid back the bank loan I borrowed for my rental deposit. Financial education classes in the Hope Accounts program helped me realize what a big mistake it was. I will not make this type of mistake again...SWF's financial education gave me opportunities to reexamine what I had done in the past. I am trying to practice what I have learned from financial education classes [in everyday life] (Essay by Case # 25).

Financial education was beneficial to participants' children as well as to participants themselves.

I went to financial education classes with my daughter. It had a positive impact on her. It was last year...She also received her own financial counseling services in the Hope Accounts program. Now, she manages her money very systematically and efficiently. She has saved all the money [she earned from her part-time job] last winter break. She saved \$2,000, which covered her expenses in her junior year in college. She is paying her student loan interest and

other expenses with her own money. She is managing her bank accounts online [through internet banking]. That's what she learned from the financial education sessions (Case # 12).

However, some participants reported that they attended financial education sessions only because they were required to do so. Not being allowed to miss any mandatory classes even when they had schedule conflicts was burdensome to them. According to in-depth interviews, some participants could not make it due to schedule conflicts with their work. Others reported that the financial education sessions were irrelevant for them.

Support Group Meetings

Some participants evaluated the support group meetings positively while others reported that they had a negative experience. For some participants, support group meetings were useful resources that allowed them to share information with and receive encouragement from other members. Others reported that they felt closer to support group members than to their own family members because they were supportive, understanding, and sympathetic.

However, some participants reported that they did not attend support group meetings. Some of them said that they were too shy to meet new people and share their life experience. Others did not attend because it would have been depressing and discouraging to hear other low-income people's struggles and financial difficulties. Some participants did not attend the meetings because they felt that they did not fit in: they felt that they could not share their thoughts in the group because of differences in age, taste, and perspective. Lack of computer skills was a barrier to participation among some participants; they were unable to join in online community activities and get online information about support group activities.

Cultural Events

Participants had access to cultural events such as plays, musicals, and concerts because SWF provided free tickets. Participants reported that they never anticipated that they would have opportunities to watch these performances in their lives. They also said that these events "reenergized, relaxed, and refreshed them."

I went to Sejong Music Hall. I had not been there for many years. When I heard the first music performed, tears were rolling out of my eyes. I tried to hide my tears from my husband. That night was one of the greatest moments in my life (Essay by Case # 5).

Cultural performances recharged me with energy when I was stressed out and worn out (Essay by Case # 15).

[Before participating in the Hope Accounts program], I could not afford tickets although I really wanted to watch plays, musicals, and concerts. I am deeply grateful for cultural opportunities [I have had in the program]. On the way back home after watching a musical, “Empress MyungSung,” all three children in my family were so happy and thankful. My son said “I really wanted to take you to this musical you longed to watch. Hope Accounts did it for me.” Now, I believe that my kids’ future will be bright. I am now relaxed enough to say “hello” and smile at strangers (Essay by Case # 24).

Now that I am participating in the Hope Accounts program, I have opportunities to watch performances, such as musicals...I watched “Jump” two days ago with free tickets. The ticket price was \$40 per person. It would have cost \$120 for all three members of my family if I had not received free tickets [from Hope Accounts program]. We could not afford tickets...We could not pay \$120. We do our best not to miss these opportunities. These are so fun! These shows make my kids happy. I am proud of myself when I see my kids happy. This experience encourages me to be active and keep working hard (Case #12).

Volunteering Activities

Participation in volunteering activities also had positive effects on many participants. Some participants said that the Hope Accounts program, especially the volunteering experience, encouraged them to help others. In the past, they wanted to help those in need but did not do so because they thought that they did not have enough resources or time. After they became involved in volunteering activities, participants realized that “the world is a place where people live together.” They became proud of themselves because they could help others.

We, the Hope Accounts family, served those in need. We proved that those who are helped by Hope accounts could help others. I am so proud of my Hope Accounts family members, to see that our love and assistance gave hope to the elderly people we helped (Essay by Case # 14).

Providing services to elderly people made me happy and proud of myself. These activities helped me realize that I can help others (Essay by Case # 15).

Experience with Support and Assistance from Program Staff

Participants said that they were satisfied with the program staff members’ support and assistance. They appreciate how staff members treated them, reporting that staff members had been consistently caring and warm. Participants also valued staff members’ hard work in providing services and resources to them. In addition, they noted that staff members have always encouraged them to be actively involved in the program. They evaluated the staff members’ encouragement as a critical element of the program’s successful implementation.

Some, however, experienced the staff as somewhat detached or remote. These experiences may be a result of staff members' attempts to maintain a neutral, non-judgmental attitude when they interact with participants. Another possible explanation is that staff members have a large work load in the program. These participants' negative experiences with staff members may result in unexpected program outcomes and should be carefully examined.

Effects on Individual Participants, Their Families, and Family Relationships

Participants reported that the Hope Accounts program had positive effects on their lives and family relationships. In this section, we explore the program's effects on individuals and parent-child relationships based on in-depth interviews. We pay special attention to 13 single mothers in the study sample.

Effects on Individual Participants

Effects on Consumptions and Savings

Saving Strategies When the program started, many participants were doubtful about their ability to save money. As noted earlier, they wondered if they could consistently save given their limited earnings. Because of their limited incomes, participants had to develop strategies to save continuously into their Hope Accounts. In-depth interviews revealed several strategies adopted by participants.

First, participants tried to cut down their spending by making careful and wise choices about consumption. Participants said that financial education helped them improve their financial management.

I completely changed the way I live. I no longer spend money without careful planning. I used to spend money day-by-day without any kind of planning. I am trying to make a plan and use money wisely now. Thanks to financial education classes, I am able to spend money wisely (Case # 17).

Before I participated in the program, I thought "I can save by just being frugal. Saving is simply to deposit money in the nearest bank, isn't it?" Now I take a very different approach. I ask myself "What should I do to get a higher return rate, even if it is only 0.1% difference? What bank product would serve my family best, considering our financial conditions? Is there any way to improve budgeting in our family economy?" I now make financial plans in a very organized way...I have realized that it is more important how I spend money than how much I earn. I received financial planning services with my daughter who just finished

her school. I am so glad that my daughter learned such great lessons much earlier than I did (Essay by Case # 14).

Yes, it is very important to save into my Hope Account. But what is more important about the Hope Accounts program is that it helped participants to set clear goals, such as business start-up or long-term lease deposit. In the past, I did not have a goal when I saved in bank accounts. I used to buy [unnecessary] stuff when I accompanied someone to market. Not anymore. I sometimes go out without any money at all [in order not to spend money] (Case # 3).

Second, participants increased their work efforts to save into their Hope Accounts. They tried to keep their jobs, worked harder, and even worked additional jobs to save.

[The Hope Account] is a great motivation for me to work harder and to learn something new. It even inspired me to change my occupation (Case # 9).

Changes in Saving Goals As described earlier, the Hope Accounts program allows participants to change their saving goals as long as they plan to use their money for the following three purposes: housing, small business start-up, or education. Participants were required to choose one of these goals at the beginning of the program, although some changed their goals while enrolled in the program. Specifically, among 30 interviewees, 10 reported that they had changed their goals. Five participants changed from housing to small business start-up, two from small business start-up to housing, one from small business start-up to education, one from housing to education, and one from education to housing. We categorized their reasons into two categories: “stability” and “challenge.” Some changed their goals to maintain or enhance stability in their lives. Others took more challenging paths with an expectation of better lives. The latter changed their goals from housing or education to business start-up. They tend to be younger than the former.

Some participants have not changed their initial goals but are considering whether they should alter their goals. Since there are still two years left until the end of the program, these participants can take their time in making a final decision.

Psychological Effects of the Hope Account Program

The most remarkable effect of Hope Accounts is its psychological impact on individual participants. In-depth interviews and participants’ essays demonstrate that participants finally became hopeful for their own and their children’s futures, overcoming long periods of economic hardship and feelings of hopelessness. In addition, they became more confident in themselves and felt more secure since they began the program. They also became more future-oriented: they set goals and made efforts to accomplish them.

Hope and Security Participants reported that the Hope Accounts Program gave them hope for their futures. They also felt more secure because they could save money in the accounts.

I often talk with my child about the savings we have [in the Hope Account]. “We have this amount of money in our accounts. We can move into a new house in two years.” We get excited when we are talking about our future. My child says, “Let’s buy new furniture when we move” since I rarely buy stuff. She also wishes for a flat-screen TV. Then, I say, “Sure, we will buy everything. We will be rich!” We are full of hope...I used to feel like we were low class. I used to check “very low class” when I answered surveys. Now, I think I will become middle-class when I buy a house. I will be at least in the middle of economic ladder when I have a house!” (Case # 2)

As the title of the program indicates, it is ‘Hope’ Accounts. It gave me hope for a new life. It motivated me to work harder and encouraged me to learn new skills. It also motivated me to get a new job (Case # 9).

Even if I don’t have money in my own hands yet, I feel secure and stable. Because I have hope, I have become joyful, positive, and active in my daily life. I work harder now (Case #12).

In my entire life, I have lived in a monthly rental house. Now, it seems possible that I may have my own house...Positive changes in me have good impacts on my kids. I had stomach problems due to stress [before the program], but no longer. I still have pains in my shoulder and back because I stand from early morning to 2 or 3 am at work. Physical pain is still here but now I can work happily without being anxious... (Essay by Case #24)

Some participants reported that their dream was converted into a concrete plan while in the program. Their initial doubt and feeling of helplessness disappeared as savings accumulated in their accounts.

At the beginning of the program, I was at loss about what to do. I was worried whether I could save \$200 every month for three long years. All kinds of thoughts ran through my head...As I save money every month and watch my money grow in my account, all the worry I had disappeared. Now I can visualize my future after three years. The thought of opening my own pre-school energizes me. I have finished an early childhood education program and have a certificate! Now, I am working at a preschool. I am so proud of myself in that I work hard to make my dream come true. The Hope Accounts program taught the importance of hope and gave me hope to live with (Essay by Case #21).

Many participants reported that the Hope Accounts program meant more than the paper-value of Hope Accounts saving goal. To them, the Hope account has more value than \$20,000 because it gave them hope for the future by providing a stepping stone.

The paper value of the account is only \$20,000. To be honest with you, it is not enough for a new start. Even a street-vendor business needs more money for a successful start-up. Even though it is not enough, [the Hope account is meaningful because] it will be a stepping stone. It will provide a stepping stone from which we can move higher. This is it! Although the amount is not enough, it means tomorrow and hope to me. I am not sure what other participants think. But to me, it is hope (Case # 1).

Self-confidence and Empowerment The Hope Accounts program requires participants to invest their own effort. Program benefits (matches) are not automatically given. They are available only when participants save their own money. For this reason, participants were proud of themselves for being able to stay on in the program. In this way, the Hope Accounts program boosted participants' self-confidence and empowered them.

It [Hope Accounts program] gives me confidence and hope. It is so empowering! (Case #19)

Hope Accounts is better than winning the lottery. I never wished to win the lottery. It would be nice to win a lottery but I never considered it as an option. Hope Accounts is different in that money will surely come. Money is being accumulated as I save. It depends on me. I can get matches only when I save. I like it. Reward depends on me. No saving, no matches. I am the major player (Case #18).

Future Orientation It was reported that Hope Accounts motivated participants to plan for the future, set goals, and take action to accomplish their goals.

That is why I took a part-time job at a chain restaurant. I could see the potential of this kind of restaurant. It serves chicken dishes at a really low price. It would make a successful business for me in the future. I wanted to learn more about the restaurant business. That's why I decided to get a job there. I went to the restaurant, ordered a dish, and asked whether they had a position for me. That's how I got this part-time job (Case # 26).

Because I decided to open my own restaurant, the first step was to get a certificate to be a Korean chef. It was not easy to change the way I had cooked for 18 years as a housewife. It was really hard to follow exactly what the instructors taught me to do. I, however, never missed a class, not a single one. I volunteered to be a teaching assistant to the instructors. I passed a certificate exam after taking the same training program three times. I am very grateful [that I passed the exam]. I will do my best to prepare myself [for a new business] for

the remaining two years. I will take every Hope Accounts [financial education] class available to me. I will do research [on the restaurant business]. I am currently learning Microsoft Excel and Access programs, which will assist me in managing a client database in the future. I believe that opportunities will come only to those who are seeking them. A door will open to those knocking on it. I cannot succeed if I am not ready. I will not waste the opportunity provided by Seoul Metropolitan Government. I received too much support to fail (Essay by Case # 26).

Behavioral Effects of the Hope Accounts Program

The Hope Accounts program had positive impacts on participants' behaviors related to savings and spending. According to participants, saving became a habit. In addition, they have begun to spend their money efficiently: they have become frugal, rarely making unplanned and unnecessary purchases. Finally, participants' social skills have improved as they became more active in civic and volunteering activities.

Saving Habits The Hope Accounts program fostered a saving habit among participants. Many participants reported that they never succeeded in reaching their saving goals before the program: consumption needs were always bigger than earnings. After participating in the program, they have made regular deposits and maintained their savings in their accounts. As a result, they became confident that they would continue to save in the future even after the program ends. They have realized the value of savings.

[Savings in Hope Accounts] is more valuable than billions of dollars. I tried to save money many times in the past but never succeeded. But I could save money into the Hope account. Once I succeeded, I became confident that I could continue to save even after the program is over. I believe that I can (Case #3).

Without Hope Accounts, I would not have tried to make a deposit every month. I would not have succeeded in saving, either. I never set aside money for the future. I spent all the money I had. There were so many things I needed to spend it on. I never reached my saving goals in my life. I withdrew all of my savings and closed accounts when my economic situation went bad...I never tried hard enough to reach saving goals. Incentives [in Hope Accounts] motivated me to save. It is likely that I can save for three years thanks to Hope Accounts. I will have a small seed of hope after three years. It's awesome (Case #10).

I never imagined that I could save \$200 every month...At the beginning of the program, I wasn't sure if I could continue to save money when the program ended. Now, [saving] has become a habit. I spend my earnings after setting aside \$200. I automatically save \$200 per month. I am confident that I will continue to save \$200 every month after the Hope

Accounts program ends. I may save even more than \$200. Hope Accounts changed my habits and ways of thinking (Case #18).

Spending Efficiency Participants reported that they spent their money more frugally. They were less likely to make unplanned purchases now than before. Changes in spending habits helped them reduce unplanned spending and manage their money more efficiently. Ultimately, these changes will help them accomplish their goals in the future.

In the past, I used to buy items on sale, such as “buy one get one free” items. Now, I ask myself, “Do I really need it?” I do not buy stuff only because it is on sale. I buy only what is really necessary (Case #3).

Without Hope Accounts, I might not have saved money. I probably would have spent all the money I earned. Since there are so many things I want, I probably would have bought them. I have only one electric fan in my place. I wish that I could have one more. It would be very convenient if each room had one electric fan. Then, I would not need to move one fan from one room to another. However, I can live without another electric fan. I decided not to buy another fan. [If I had not participated in Hope Accounts] I would have bought a fan. But now that I should make my monthly deposit into my account, I would not buy it. I say to myself, “Let’s wait until I have more money.” (Case #14)

Effects on Family and Social Relationships

Some participants reported that their social skills and relationship with others had improved since they began the program. They had difficulties in socializing with others in the past. Now, they were looking for interaction with others.

I sometimes wanted to give up my life, but not anymore. Now, I would like to give back to other people...I went to a wedding yesterday and gave a small gift to the couple. Now, I often hang out with friends. [Before participating in the program,] I was afraid of people and avoided interactions with others. I attended church but avoided other church activities. I did not want to talk about myself or my children. Now, I enjoy hanging out with friends. I want to have more time with friends (Case #3).

Participants reported that their relationship with their children improved after they began participating in the Hope Accounts program. This section focuses on program impacts on single-mother families because they are the majority of respondents, and these families tended to have had more difficulties in developing positive parent-child relationship than other families.

Improved communication with children Single-mother participants said that their communication with their children had improved since they had begun participating in the program. They had started talking with their children about their families' economic situations, which helped these families overcome their economic difficulties.

Interviewer: Do your two children know about your family's financial difficulties?

Respondent: Of course. I talked a lot about our financial situation. My son often nags me about money. I show him all the bills that I have to pay. I tell him how much savings and debts we have, how much I earn a month, and how much I need to spend, too. Then, I ask him a question, "based on our financial situation, how much should be allocated to you?" I keep financial issues transparent.

Interviewer: How does your son respond?

Respondent: He seems disappointed at first but he shares my financial concerns. I ask him to understand my situation, and he tries not to ask too much from me (Case #12).

Increased Confidence as Parents Before participating in the Hope Accounts program, many participants thought that they were not good parents and felt sorry for their children because they could not provide everything their children needed or wanted due to economic constraints. As single mothers, they were also sorry that they could not spend enough time with their children. After beginning the program, they became more confident as parents. Positive changes in parents had good psychological impacts on children. As parents became hopeful about their future, children were able to see hope in their own lives. Parents could spend more time with children because they had opportunities to attend financial education classes or cultural events with their children. Parents also reported that their children show more respect to them since they began participating in Hope Accounts.

The Hope Accounts program made big impacts on my children. I sometimes talk with my children about what would be the best way to use \$20,000 [from Hope Accounts]. At first, they felt somewhat pressured, but they began to believe that I would succeed. Since I kept talking about my future and worked hard for it, they began to believe it although they are not absolutely sure yet. While they are concerned because current economic conditions are not good [in Korea], they believe in me because I am their mom (Case # 12).

Respondent: I like it [the Hope Accounts program] as a mother. Hope Accounts helps me feel proud of myself and keep my head up as a mom.

Interviewer: Was it difficult for you to keep your head up before?

Respondent: I was not confident. I could not have confidence in myself at all. My kids sometimes tell me that it happened [we had opportunity of joining the Hope Accounts program] because I had been working hard. They say “[an opportunity came to us] because you had been nice to others.” Because they keep saying [positive things about me], I began to believe it, too. That’s why I am trying to be nicer to others. [Because they trust me], I decided not to hide anything from them. I showed them a detailed financial record of the family. I told them “We need to save into Hope Accounts and spend for these items out of mommy’s earnings. We should do this and that.”

Respondent: It [Hope Accounts] has been particularly beneficial to my children. My children had always lived under economic pressure. As their mom, I wish that they would do their part...

Interviewer: Could you specify what you mean?

Respondent: My kids seemed not to have clear goals for their lives in the past. They could not see their future clearly. They seemed to be lost in a fog. Since I have been in Hope Accounts now for some time [and they had a chance to see my efforts to reach my goals], they now can see their future more clearly (Case #3).

Summary and Conclusion

In-depth interviews demonstrate that various components of the Hope Accounts program have made positive impacts on participants and their families. Financial incentives have promoted savings among low-income participants. Financial education classes and financial planning services helped participants acquire financial knowledge and management skills. The financial knowledge and skills have been effective tools for participants in accomplishing their goals in terms of both Hope Accounts savings and their careers. Other supportive services (e.g., support group meetings, cultural events, and volunteer activities) also had positive effects on participants and their families: their social skills improved; they communicated and interacted with their children more effectively, and gained respect from their children; and they learned that they could help others in need.

The most noticeable outcomes are Hope Accounts’ impacts on participants’ psychology and behaviors. They became hopeful for their own future as well as their children’s; they became future-oriented, being able to set goals and making efforts toward these goals; they felt secure and stable; their spending and consumption patterns have changed; and saving became a habit for many.

Quantitative Research on Hope Accounts: Baseline Survey Results

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This chapter covers research methods and analysis results from the baseline survey. The goal of the baseline survey is to collect baseline information for the future evaluation of the Hope Accounts program. The baseline survey provides information on program participants' characteristics and economic conditions (e.g., asset ownership) before they participated in the program, building a foundation for future evaluation of Hope Accounts, and enabling us to estimate the program's effects. In the baseline survey, we collected information from a representative sample of low-income residents of Seoul Metropolitan City in addition to the program participants. Comparisons between the treatment group (Hope Accounts participants) and the comparison group (non-participants in the low-income sample) will provide empirical evidence for the Hope Accounts program's effects on the target population of low-income individuals in Seoul.

Research Methods

Sample

The sample of this study consists of 803 individuals: 477 Hope Accounts participants (treatment group) and 326 non-participants (comparison group). The treatment group respondents were randomly selected from 5,000 participants in the third cohort of the Hope Accounts program. The comparison group respondents were selected from a sample of another survey study conducted by the Seoul Welfare Foundation (SWF): the Seoul Panel Study of Welfare (SPSW). From the original sample drawn for SPSW, we selected low-income individuals with comparable characteristics to Hope Accounts participants. We originally planned to include 550 individuals in the comparison group, but did not do so for the following reasons. First, the original SPSW sample includes a small number of individuals who satisfy the selection criteria for the Hope Accounts comparison group. In order to be eligible for Hope Accounts, individuals must meet income and work status requirements: (1) household income should be low enough to be eligible for a public assistance program or be below 150% of the official poverty line; and (2) individuals must have worked at least 10 months during the previous 12 months. The original SPSW sample does not have 550 individuals meeting these criteria, and a high proportion of the sample who meets these criteria refused to participate in the baseline survey. As a result, the comparison group includes 326 respondents from the SPSW sample.

Questionnaire Development and Data Collection

We collected information from the sample through face-to-face interviews with a structured questionnaire. The interviews were conducted between September 14, 2009 and October 9, 2009. The questionnaire includes questions used in other surveys, such as the Korea Welfare Panel Study, Korea Labor Panel Study, Seoul Welfare Panel Study, and the American Dream Demonstration baseline survey.⁴

Analysis Method

The survey questionnaire used for this report consists of two parts: (1) questions asked only to Hope Accounts participants (treatment group); and (2) questions asked to both treatment and comparison groups. Because the first set of questions were answered solely by the treatment group, we run univariate analyses on this data. For the second set of questions, we run bivariate analyses to compare answers between the treatment and comparison groups. In order to see whether differences between the two groups are statistically significant, we run Chi-squared tests for categorical variables and t-tests for continuous variables.

Analysis Results

Saving Strategy and Attitudes toward Hope Accounts: Treatment Group

Table 7 reports the treatment group's saving strategy and attitudes toward Hope Accounts. Since these questions are not relevant to the comparison group, they were asked only to treatments. Regarding saving strategies for Hope Accounts, respondents were asked to choose up to three primary saving strategies from 12 response categories presented in the questionnaire. Based on the responses, 12 dichotomous variables are created and the proportion of those who indicated each strategy is presented in Table 7. A substantial proportion (41%) plans to save money by increasing work hours, suggesting that Hope Accounts may affect participants' work. A negligible fraction (less than 1%) reported that they would borrow money to save into their Hope Accounts, indicating that only a few participants considered this a desirable option. A considerable percentage of respondents reported that they would reduce expenditures on various items. The majority (59%) plan to reduce food expenditures, while some plan to cut their spending on education (14%), housing (35%), and clothing (23%). In contrast, only 11% mentioned reducing costs for non-essential items, such as alcohol or cigarettes, probably because only a minority of the respondents might have spent on these non-essential items before they participated in Hope Accounts. These results suggest that many participants may not have sufficient economic resources to save into Hope Accounts and may force themselves into economic hardship (e.g., hunger by reducing food cost) in order to take a full

⁴ Research advisory board members provided invaluable comments on the draft of survey questionnaire. The final questionnaire was revised based on these comments.

advantage of the program. These findings call for future research on the impacts of Hope Accounts on participants' consumption and experience of economic hardship.

According to Table 7, treatment group members evaluate Hope Accounts positively. Almost all participants (98%) agreed that Hope Accounts will have positive effects on their families, and 96% agreed that the Hope Accounts will help their families become self-sufficient. At the same time, a considerable proportion show anxiety and concern toward the Hope Accounts program: 19% reported that they felt economic and psychological pressure because of the program while 17% were not sure whether they would complete the program successfully (i.e., that they could continuously save for three years).

Table 7. Participants' Responses to Hope Accounts (N=477)

	%
Saving Strategy for Hope Accounts (up to 3 choices allowed):	
By increasing work (second or part-time job)	41.30
By borrowing money	0.21
By reducing food expenditures	59.12
By reducing educational expenditures	14.26
By reducing transportation or telecommunication expenditures	26.00
By reducing vehicle maintenance expenditures	2.94
By reducing housing expenses (e.g., rent)	35.01
By reducing clothing, electronics, and furniture expenditures	23.06
By reducing other essential living expenses	28.09
By reducing alcohol/cigarette spending	10.90
By reducing donations to charity	1.89
By reducing other personal expenses	24.11
Attitudes/Expectation from Hope Accounts	
Hope Accounts will have positive effects on my family.	
Disagree	1.68
Agree	98.32
Hope Accounts will help my family become self-sufficient	
Disagree	3.78
Agree	96.22
I (my family) feel economic and psychological pressure due to the Hope Accounts	
Disagree	87.13
Agree	18.87
I am not sure whether I will successfully complete the Hope Accounts (saving for 3 years)	
Disagree	83.12
Agree	16.98
N	477

Demographic and Household Characteristics: Treatment and Comparison Groups

As shown in Table 8, the treatment group has, on average, better demographic and household characteristics than the comparison group. Except gender, all demographic characteristics show statistically significant differences between the two groups. The treatment group is, on average, younger by 11 years than the comparison group (43 years old versus 54 years old). The former are more educated than the latter: 25% of the treatment group has a college education and 50% has a high school education; the comparable statistics for the comparison group are 18% and 32%. In terms of marital status, treatments are significantly less likely to be never-married (5% versus 14%) but more likely to be divorced, separated, or widowed than comparisons (44% versus 35%). Treatments are more likely to have full-time jobs than comparisons (50% versus 23%), while treatments work more than comparisons (49 hours versus 39 hours per week). The majority of treatments reported that they are healthy (73%) compared to less than half (44%) of comparisons. The percentage with disability is more than twice as high among comparisons (10%) than among treatments (4%).

In terms of household characteristics, the treatment group is more likely to be headed by a single mother or by a married couple with children and less likely to be a single-person household or a married couple without children than the comparison group. Reflecting differences in household type, average household size is larger among treatments than comparisons. In addition, the treatment group is more likely to use the internet for information, and this difference between the two groups is statistically significant. In a question about internet utilization where a higher number indicates a higher level of utilization (1 to 10 range), the average score is 5.78 in the treatment group and 3.76 in the comparison group. Considering that the treatment group is younger and more educated than the comparison group, this result is not surprising. At the same time, the treatment group's ability to gain new information through the internet may have increased their chances of learning about and applying for Hope Accounts.

Table 8. Comparisons between Treatment and Comparison Groups: Demographic and Household Characteristics (N=803)

	Comparison Group	Treatment Group	Total
Demographic characteristics			
Age*** (year)			
Mean	53.67	42.45	47.00
Gender (%)			
Female	61.35	64.36	63.14
Male	38.65	35.64	36.86
Education (%) ***			
No High School	50.00	25.58	35.49
High School	31.90	49.69	42.47
Some College education or above	18.10	24.74	22.04
Marital Status (%) ***			
Never-Married	13.50	4.61	8.22
Married	51.23	50.94	51.06
Divorced, Separated, Widowed	35.28	44.44	40.72
Working Status (%) ***			
No	1.53	0.00	0.62
Yes	98.47	100.00	99.38
Employment Status (%) ***			
Not full-time(temporary or daily employment) or Self Employment	76.95	50.31	61.03
Full-time	23.05	49.69	38.97
Total working hours a week: main and secondary job (hrs; Mean) ***			
	38.74	48.63	44.64
Health Status (%)***			
Healthy	43.56	72.96	61.02
So-So	22.39	18.87	20.30
Unhealthy	34.05	8.18	18.68

* p<0.1; ** p<0.05; ***p<0.01

Table 8. Comparisons between Treatment and Comparison Groups: Demographic and Household Characteristics (continued)

	Comparison Group	Treatment Group	Total
Disability Status (%)***			
No	89.88	96.02	93.52
Yes	10.12	3.98	6.48
Household Characteristics			
Household Type (%)***			
Mother-headed household	13.19	36.69	27.15
Father-headed household	3.68	4.61	4.23
Grandparent-headed household	3.07	0.42	1.49
Married-couple household with child(ren)	34.36	49.06	43.09
Married-couple household without child(ren)	12.88	2.31	6.60
Single-person household	22.70	3.35	11.21
Other type of household	10.12	3.56	6.23
Number of family members (Mean)***	2.72	3.44	3.12
Other Characteristics			
To what extent do you surf the internet for information? (Mean) ***	3.76	5.78	4.96
N	477	325	803

* p<0.1; ** p<0.05; ***p<0.01

Household Economic Situations: Treatment and Comparison Groups

Table 9 presents the economic situations of the treatment and comparison groups. As in the case of demographic and household characteristics, the treatment group is better off in terms of various economic indicators than the latter. Mean household income in the past 12 months is significantly higher among treatments (\$14,795 versus \$11,918). About three-quarters of both groups reported that they do not have enough money to cover basic living expenses in the previous year, reflecting economic difficulties among low-income households in general. A higher percentage of the treatment group (60%) than the comparison group (44%) reported that their households have debts. This result may reflect that the treatment group is more likely to have access to the credit market than the comparison group, but we cannot empirically test this hypothesis due to data limitations.

In terms of subjective evaluation of economic conditions, the treatment group is different from the comparison group. Treatments are less likely than comparisons to consider themselves as low or very low class, the two lowest levels listed in the questionnaire (81% versus 83%). Although only a minority in both groups reported that they were satisfied with their current economic condition, a higher percentage of the treatment group did so than the comparison group (8% versus 3%). At the same time, a lower percentage of the treatment group evaluated their current economic situation as dissatisfying than the comparison group (56% versus 63%), indicating that the former has a more positive attitude toward their current situation. Furthermore, the treatment group is three times more likely (27%) than the comparison group (8%) to report that their households' economic condition had improved in the past year. The treatment group (69%) is significantly more hopeful for their economic future than the comparison group (29%).

Table 9. Comparisons between Treatment and Comparison Group: Household Economic Situations (N=803)

	Comparison Group	Treatment Group	Total
Objective Economic Conditions			
Household income ⁵ (\$)***			
Mean	11,917.7	14,795.1	13,626.9
Median	10,700.0	14,200.0	12,960.0
Have you lacked money for covering basic living expenses in the previous year (%)			
No	23.93	25.79	25.03
Yes	76.07	74.21	74.97
Any debts? ***			
No	55.83	40.25	46.58
Yes	44.17	59.75	53.42
Subjective Evaluation (%)			
Perceived economic status***			
Middle-class or higher	3.99	2.10	2.86
Lower-middle class	12.58	16.98	15.19
Low class	40.49	51.78	47.20
Very-low class	42.94	29.14	34.74
The level of satisfaction to current economic situation**			
Satisfied	3.37	7.76	5.98
So So	33.44	36.69	35.37
Dissatisfied	63.19	55.56	58.66
Household's economic condition in the past 1 year?***			
Got better	7.67	27.04	19.18
Neither better or worse	44.17	44.23	44.21
Got worse	48.16	28.72	36.61
Expectation for future economic conditions***			
Hopeful	28.53	68.97	52.55
So-So	41.10	19.50	28.27
Not Hopeful	30.37	11.53	19.18
N	477	325	803

* p<0.1; ** p<0.05; ***p<0.01

⁵ Converted to U.S. dollar from Korean Won with an assumption of an exchange rate of 1 to 1,000.

Financial Education and Saving Experience: Treatment and Comparison Groups

In terms of financial education and banking experience, the treatment group has advantages over the comparison group as indicated in Table 10. The treatment group is significantly more likely than the comparison group to have received financial education before age 20 than the comparison group (24% versus 11%), and is more than twice as likely as the comparison group to have received financial education after age 20 (32% versus 14%). Reflecting their own financial education experience, the treatment group opened their first bank account at a younger age than the comparison group. The former is more active in educating their children on financial management. These results suggest that treatments are perhaps more knowledgeable and experienced in financial management than comparisons.

Table 10. Comparisons between Treatment and Comparison Group: Financial Education and Saving Experience (N=803)

	Comparison Group	Treatment Group	Total
Ever received financial education before age 20 (%) ***			
No	88.96	75.68	81.07
Yes	11.04	24.32	18.93
Ever received financial education after age 20 (%) ***			
No	85.58	68.34	75.34
Yes	14.42	31.66	24.66
Do you educate your child(ren) about how to save and spend money? ⁶ (%) ***			
Yes, I often do	18.72	30.75	26.95
Yes, I sometimes do	39.41	45.33	43.46
No, I rarely do	41.87	23.92	29.60
At what age did you open a bank account for the first time? (%) ***			
Younger than 20	19.94	31.24	26.65
In the 20s	37.42	61.22	51.56
30 or older	42.64	7.55	21.79
N	477	325	803

* p<0.1; ** p<0.05; ***p<0.01

⁶ About 20% of cases were excluded from analysis because they did not have a child.

Attitudes toward Saving: Treatment and Comparison Groups

The treatment group differs from the comparison group in terms of attitudes toward saving. Although the percentage of individuals who consider saving to be very important is very high in both groups, the treatment group is significantly more likely to agree that they should save money into a bank account at any cost (95%) than the comparison group (86%). A significantly higher proportion of the treatment group (95%) believes that savings would change their future in contrast to the comparison group (86%). Although the majority in both groups reported that they do not have money to save, a significantly lower proportion of the treatment group (54%) did so relative to the comparison group (71%). At the same time, the treatment group (71%) is more likely to save for emergencies than the comparison group (54%). Compared to the comparison group (10%), the treatment group is less likely to be concerned that family members or friends would try to borrow money from them if they have savings (6 %). However, the treatment group is not significantly different from the comparison group on concerns about the negative impacts of savings on public benefits: in both groups, 13% reported that they are concerned about the possibility that savings might disqualify them from receiving public benefits.

Table 11. Comparisons between Treatment and Comparison Group: Attitude toward Savings (N=803)

	Comparison Group	Treatment Group	Total
Saving is very important (%)			
Disagree	1.23	0.42	0.75
Agree	98.77	99.58	99.25
I should save money into a bank account under any circumstances (%) ***			
Disagree	13.89	5.46	8.88
Agree	86.11	94.54	91.13
Savings will change my future (%) ***			
Disagree	8.31	2.10	4.61
Agree	91.69	97.90	95.39
I do not have money to save (%) ***			
Disagree	19.38	40.84	32.13
Agree	80.62	59.16	67.88

* p<0.1; ** p<0.05; ***p<0.01

Table 11. Comparisons between Treatment and Comparison Group: Attitude toward Savings (continued)

	Comparison Group	Treatment Group	Total
I tend to save for emergencies (%) ***			
Disagree	46.01	28.72	35.74
Agree	53.99	71.28	64.26
I am concerned that family members or friends will ask me to lend them money if I have savings (%) **			
Disagree	90.12	94.33	92.63
Agree	9.88	5.67	7.38
I am concerned that savings might disqualify me from public benefits (%)			
Disagree	87.00	87.34	87.20
Agree	13.00	12.66	12.80
N	477	325	803

* p<0.1; ** p<0.05; ***p<0.01

Financial Planning and Saving Behavior

The treatment group significantly differs from the comparison group in terms of financial planning and saving behaviors. As shown in Table 12, the treatment group is more likely to plan ahead before spending money. To the question of how frequently the respondent plans ahead to spend money, 86% of the treatment group and 67% of the comparison group reported “always” or “usually.” The treatment group also shows a significantly higher level of discussion with their household members on income and spending than the comparison group: the mean on the scale (higher number indicates more discussion with other household members; available range is 1 to 10) is 6.14 among the treatment group and 5.46 among the comparison group. If they had an extra \$200, a higher percentage of the treatment group would save it all (40% versus 22%), while a much lower percentage would spend it all (9% versus 25%). Reflecting differences in financial planning and saving aptitude, the proportion of the treatment group who regularly saved before the beginning of Hope Accounts (83%) is more than twice that of the comparison group (40%).

Table 12. Financial Planning and Saving Behavior (N=803)

	Comparison Group	Treatment Group	Total
Financial Planning (%) ***			
I always plan ahead to spend money	11.69	17.19	14.96
I usually plan ahead to spend money	55.38	68.97	63.47
I rarely plan ahead to spend money	23.08	12.58	16.83
I never plan ahead to spend money	9.85	1.26	4.74
To what extent do you discuss income and spending with your household members? (Mean) ***	5.46	6.14	5.86
What would you do if you had extra money in the amount of about 200,000 won (\$200)? (%)***			
I will spend all of it.	24.69	9.03	15.38
I will spend some and save some.	53.70	51.47	52.38
I will save all of it.	21.60	39.50	32.25
I regularly deposit money into savings (%) ***			
No	61.04	17.40	35.12
Yes	38.96	82.60	64.88
N	477	325	803

* p<0.1; ** p<0.05; ***p<0.01

Summary and Conclusion

As shown above, the treatment group is very different from the comparison group. The former have more advantages than the comparison group in demographic characteristics (e.g. age and education), employment status, financial education, and banking experience. More specifically, the treatment group is more knowledgeable about financial issues and has practiced financial planning and regular savings, essential contributors to successful asset building. These results suggest that the treatment group has a higher chance of successful asset accumulation (and other economic success) than the comparison group. These findings may be explained by the fact that Hope Accounts participants were selected through a very competitive screening process. In summary, the treatment group is not comparable to the comparison group, which is representative of low-income residents in the Seoul metropolitan area.

The results of the baseline survey suggest that simple comparisons between the treatment and comparison groups will not be an accurate method to estimate the effects of the Hope Accounts program. Instead, it is recommended that remedial methods be adopted to take into account initial differences between these two groups. Regression analyses that compare for observed compounding characteristics, for example, could help to estimate the impacts of the Hope Accounts program.

Conclusion

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This report is the first evaluation of Hope Accounts, an asset-building program for low-income households in the Seoul metropolitan area. Since the implementation of the first cohort of the program in 2007, Seoul Welfare Foundation (SWF) has provided opportunities for asset building and long-term development for eligible households living in the Seoul metropolitan area with support from and collaboration with various organizations: the Seoul Metropolitan Government, the Community Chest of Korea, district offices, case management service centers, and Woori Bank. As of June, 2010, SWF has successfully implemented the Hope Accounts program for three cohorts totaling more than 10,000 households.

The first evaluation of Hope Accounts produced promising results. Among 100 participants selected for the first cohort of the program, 98 still remain in the program and make a deposit every month into their accounts; in other words, the success rate (retention rate) is 98%. A qualitative study demonstrates Hope Accounts' positive effects on participants and their families. Hope Accounts, especially financial education and financial planning services, provided participants with opportunities to gain financial knowledge and management skills. As a result, participants were able to save through reduced unnecessary consumption, planned purchases, and careful investment. The Hope Accounts program has positive psychological effects: participants became hopeful and future-oriented, while feeling secure about their financial situations. Many participants reported that they have developed concrete plans to achieve their goals and carry out their plans: some acquired certificates and learned new skills while others got jobs to learn more about the business they plan to open after Hope Accounts. Hope Accounts also improved relationships between participants and their children and enhanced social networks and interactions with larger communities for participants. Participants reported that positive changes in themselves have influenced their children in positive ways. In addition, honest communication on financial issues helped their children understand participants' economic conditions while educating children on financial issues. Cultural events with free tickets from SWF gave participants opportunities to spend time with family members while boosting their confidence as parents. Support group meetings and volunteer experience improved participants' social skills and relationships with others.

The Hope Accounts evaluation also raises some concerns about the program. As shown in the baseline survey analysis results, participants are not representative of the low-income population in the Seoul metropolitan area: they are more educated and healthy, have more experience in saving and financial management, and are more motivated to save than the comparison group. These differences may be explained by competitive selection process of the Hope Accounts program. Accordingly, it is doubtful that Hope Accounts would generate the same positive impacts as it has done on current program participants when expanded to cover low-income households in general.

Further research is called for to measure Hope Accounts' short- and long-term impacts on the low-income population in general.

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