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The Effects of Individual Development Account Programs: Perceptions of Participants

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Abstract: *In the United States, Individual Development Accounts (IDAs) are a social development strategy for increasing economic participation and long-term economic security. This article uses cross-sectional survey data (N=298) to describe perceived IDA effects: psychological, economic, social, and civic. Future research can inform the effects of specific program characteristics, such as financial education, as well as the applicability of IDAs worldwide.*

Keywords: IDAs, asset accumulation, surveys, participant perceptions

Individual Development Accounts (IDAs) are special savings accounts designed to help low-income and low-wealth individuals build assets to reach life goals and achieve long-term security. Account holders receive matching funds as they save for purposes such as buying a first home, attending job training, going to college, or financing a small business. IDAs were introduced by Sherraden (1991), who suggested that saving and asset accumulation depend not only on personal preferences but also on institutional structures, and that assets may have a wide range of positive psychological, economic, social, and civic impacts.

IDA programs are more than savings accounts, however. They provide a “program bundle” including match money, restrictions on allowable asset purchases, economic and asset-specific education, and in some programs, occasional credit counseling, case management, and social support. As such, IDAs link individuals to a saving structure, including incentives, information, and support. Research has shown that most low-income participants in IDA programs save money (Schreiner et al., 2001). But what effects do they perceive from their participation in IDA programs? For example, do participants report feeling more confident about the future or more economically secure because they have IDAs? Do they believe they are more likely to purchase homes or other assets? Are they more likely to have good relationships with family members?

This article uses survey data from 298 IDA participants to document the perceived effects of IDA participation. We first describe IDA programs as a social development strategy. Next, we describe the research methods and sample. Then, we show the extent to which participants report a range of possible outcomes—both positive and negative—from IDA participation, and we present multivariate results designed to identify the correlates of perceived IDA effects. We close with discussion and conclusions, including suggestions for future research assessing the differential and long-term effects of the IDA program bundle.

IDAs and Social Development

According to Midgley (1995; 2000), social development strategies have several characteristics: They integrate economic and social policies; promote effective participation in the economy; and attain “people-centered” (p. 9) economic development outcomes such as increased employment or income. Social development policies and programs are also interventionist; they are actively supported by the government and usually involve redistribution of resources.

IDA programs may be viewed as a potential social development strategy. The short-term goal is to help low-income families accumulate financial assets, and the intermediate-term goal is to facilitate certain asset purchases. Clearly, IDA programs aim to promote economic participation and to improve the well-being of individuals. IDAs also create financial opportunities and incentives for families that have frequently been excluded from other institutions that facilitate saving and asset accumulation (Beverly & Sherraden, 1999). Saving incentives are created by matching funds, often financed at least partly from public money. Thus, IDAs involve a redistribution of resources in a deliberate attempt to ensure that all people participate in the process and the benefits of development. IDA programs also have long-term goals. The types of asset purchases that typically qualify for match money—education and training, home purchase, and microenterprise—have the potential to raise incomes and standards of living for participants. These outcomes, in turn, promote economic development.

Finally, Sherraden and others (Page-Adams & Sherraden, 1997; Sherraden, 1991; Yadama & Sherraden, 1996) have hypothesized that IDAs and/or asset-holding may have a number of effects, such as improved self-regard, improved consumption efficiency, increased human capital investments, increased asset transfers to offspring, and increased civic engagement. If IDAs do indeed contribute to some of these outcomes, then another mechanism exists to promote economic development and the well-being of the population as a whole. Identifying the effects of IDA programs is one way to assess their success as a social development strategy.

Because IDAs have existed in the United States for only ten years, related research is somewhat limited. Most research focuses on whether low-income participants can save and if so, how they do so (Moore et al., 2000; Schreiner et al., 2001; Sherraden et al., 2000). Other research has attempted to measure the effects of asset-holding (outside of IDAs) on a variety of outcomes. Much of this research looks at the effects of home ownership. In a summary of this literature, Scanlon and Page-Adams (2001) conclude that “there is reason to be hopeful about positive effects of asset building, but a great deal more theoretical specification and empirical investigation are required” (p. 45).

The argument for asset development is being recognized worldwide. The developmental approach of IDAs, with its focus on savings and investment, has received attention in Canada, Taiwan, Uganda, and the United Kingdom, and pilot programs are emerging. In these countries, the IDA program model is being adjusted to fit current policies, existing institutional savings mechanisms, social norms and so forth.

This study is among the first to examine the effects of IDA participation, *as perceived by participants*. We document the extent to which IDA participants reported a variety of positive and negative effects from IDA participation. These outcomes may flow from the process of saving during IDA participation, the accumulation of savings through IDAs, and/or the acquisition of the chosen asset as a result of the IDA. We also examine the effects of participant and program characteristics on several IDA effects.

Method

Data Collection

The American Dream Demonstration (ADD) is a multi-method evaluation of IDAs, conducted at 13 IDA program sites around the United States (ADD is described in detail in Sherraden et al., 2000.) The cross-sectional survey method was implemented at six ADD sites by trained program staff between August and October 1999. Here, we use data from those who had been in IDA programs for at least six months and whose accounts were still open at the time of the interview (“current participants”). Across the six sites, 298 of 378 current IDA participants (79 percent) completed the survey. Forty-two surveys were completed face-to-face; 241 surveys were completed by phone; and 15 surveys were completed in a group setting, with participants recording their own responses. (For a comprehensive report of survey methods and findings, see Moore et al., 2001.)

Analysis

Survey items assessing participants' perceptions of IDA programs and their effects used a four-point scale ranging from strongly disagree to strongly agree. For multivariate analysis, we collapsed these responses into two categories (disagree and agree) because the response distributions tended to be skewed. We used logistic regression to assess the influence of participant and program characteristics on participants' perceptions of IDA effects. In particular, we ask whether individual characteristics such as age and number of children in the household, and unmeasured IDA program characteristics are significantly related to perceived effects.

Sample Characteristics

Tables 1 and 2 summarize demographic characteristics of the sample. Except for race and ethnicity, these demographic characteristics are generally consistent with the entire ADD population as reported in Sherraden et al. (2000). Because the ADD site with the most African-American and Latino participants did not participate in the cross-sectional survey, Caucasians and those of other races or ethnicities are over-represented in this sample.

In addition to demographic characteristics, the survey asked about IDA asset goals and saving regularity during IDA participation. Two hundred and ninety-two participants identified 339 total asset goals. The most common goal was home purchase (42 percent of all goals), followed by microenterprise (22 percent), post-secondary education (17 percent), and home repair (16 percent). Saving regularity captures an individual's ability and willingness to save a regular amount each month. Four percent of participants said they did not save, 33 percent reported saving extra money, and 62 percent said they saved a regular amount each month.

Two hundred and eighty-four IDA participants reported the month and year in which they had opened their IDA accounts. For this group, the number of months of program participation ranged from one to 33. The average and median number of months of participation was 14. The most common value was 16 months.

Table 1. Demographic Characteristics (N=298)

	Frequency	Percent
Female	238	80
Race/Ethnicity		
Black/African-American	64	22
White/Caucasian	195	66
Hispanic/Latino/Latina	12	4
Asian/Asian-American	3	1
Native American	5	2
Other	14	5
Live with spouse or partner	105	36
Education		
Less than high school	10	3
Some high school	22	7
Graduated high school or received GED	48	16
Some college	111	37
Graduated from two-year college	41	14
Graduated from four-year college	34	11
Some graduate school	16	5
Completed graduate school	15	5
Typical monthly income		
Less than \$1,000	98	33
Between \$1,000 and \$1,500	111	38
Between \$1,500 and \$2,000	44	15
Between \$2,000 and \$2,500	24	8
Between \$2,500 and \$3,000	8	3
Greater than \$3,000	8	3

Note. Due to missing data, sample size differs by characteristic. Percentages may not sum to 100 due to rounding.

Table 2. Age of Sample and Number of Children in Household

	Range	Mean	Median
Age in years	14-71	38	37
Number of children in household	0-7	1.5	1

Findings

Descriptive Results: Perceived Effects of IDA Participation

The IDA effects assessed through the cross-sectional survey can be categorized as psychological, economic, and social and civic. Survey respondents were asked how much they agreed or disagreed with a number of statements in these categories. Each item began with the phrase “Because I have an IDA . . .”

Psychological effects.

Perceptions of the psychological effects of IDA participation were very positive. Ninety-three percent of the sample agreed that they were more confident about their futures because they had IDAs (Table 3). Eighty-five percent agreed that they felt more in control of their lives as a result of their IDAs, and 84 percent said they felt more economically secure. Others noted a negative psychological effect. Nine percent said that having an IDA made them feel more stressful about the future.

Economic effects.

We divide economic effects into three subcategories: asset planning, asset purchase, and other economic effects. About three-fifths of the sample reported asset-planning effects (Table 3). Fifty-nine percent of the sample agreed that they were more likely to make educational plans for themselves, 60 percent considered themselves more likely to make educational plans for their children, and 57 percent said they were more likely to plan for their retirement.

With regard to asset purchases, 73 percent of the sample said they were more likely to buy or renovate a home because of their IDA participation. Sixty-three percent of these individuals had named home purchase as their asset goal, and 21 percent had an asset goal of home repair. The remaining 16 percent agreed that home purchase or renovation was more possible due to their IDA participation, even though they were pursuing other asset goals. Fifty-seven percent of the current IDA participants agreed that they were more likely to start or expand a business. Forty-one percent of these individuals had microenterprise as their asset goal. The remaining 59 percent named some other asset goal. Those who said they were more likely to make asset purchases that differ from their stated IDA asset goals may have become interested in these other asset purchases after hearing about them in IDA classes or from other IDA participants.

Regarding other IDA economic effects, 59 percent of the sample agreed that they were more likely to work or to stay employed as a result of having an IDA. Forty-one percent said they were more likely to increase their work hours, and 61 percent said they were more likely to try to increase their income in other ways because of their IDAs. In addition to these economic effects that many would perceive as positive, sizeable minorities of ADD participants mentioned undesirable economic effects. Thirty-five percent of the sample agreed that they were less likely to save in other ways, outside of their IDAs. Thirty percent agreed that they had less money for leisure than they would like. Nine percent agreed that they had more difficulty paying their bills, and eight percent agreed that they had to give up food or other necessities because they had IDAs.

Social and civic effects.

Fifty-four percent of the sample agreed that they were more likely to have good relationships with their family members because they had IDAs (Table 3). Thirty-five percent considered themselves more likely to be respected in their communities, and 32 percent said they were more likely to be involved in their neighborhoods because they had IDAs. Only three percent of the sample agreed that they had more problems with family members because they had IDAs, and three percent agreed that having an IDA caused problems with neighbors.

Table 3. Perceived Psychological, Economic, Social, and Civic Effects of IDA Participation

	N	Strongly Disagree	Disagree	Agree	Strongly Agree
Psychological Effects					
More confident about future	296	0%	7%	52%	41%
More in control of life	296	0	15	57	28
More economically secure	297	0	16	59	25
More stressful about future	298	25	66	8	1
Economic Effects					
<u>Asset-planning effects</u>					
More likely to make educational plans for self	296	3%	39%	42%	17%
More likely to make educational plans for children	274	7	32	40	20
More likely to make plans for retirement	295	6	37	45	12
<u>Asset purchase effects</u>					
More likely to buy or renovate a home	291	5	22	41	32
More likely to start or expand a business	292	9	34	39	18
<u>Other economic effects</u>					
More likely to increase income in other ways	295	4	35	52	9
More likely to work or stay employed	293	8	32	44	15
More likely to increase work hours	294	6	53	32	9
Less likely to save outside IDA	298	12	53	30	5
Less money for leisure	292	15	54	27	3
More difficulty paying bills	294	28	64	8	1
More likely to give up food/necessities	298	41	52	7	1
Social and Civic Effects					
More likely to have good family relationships	293	8%	39%	44%	10%
More likely to be respected in my community	292	9	56	31	4
More likely to be involved in my neighborhood	294	7	61	27	5
More likely to have problems with family	298	44	53	3	0
More likely to have problems with neighbors	292	56	41	2	1

Note: Each survey item began with the phrase “Because I have an IDA, I am / have . . .”

Multivariate Results

While the descriptive statistics on perceived IDA effects provide important information about IDA programs, we also sought to identify the influence of participant and program characteristics on perceptions of IDA effects. We tested logistic regression models for the 13 effect variables with at least an 80 percent-20 percent dichotomy. Independent variables included six participant characteristics: age, whether the respondent lived with a spouse or partner, number of children in

the household, monthly household income, IDA asset goal, and self-reported saving regularity. Although imperfect, these participant characteristics might be viewed as proxies for ability and willingness to save. We also included number of months of ADD participation because we believed IDA effects would be stronger for those who had participated longer.

Program characteristics are used to explore the role of institutional variables. Program characteristics were measured through dummy variables; five programs were compared to one reference program. Dummy variables were used to protect the identity of the programs and because of minimal variation across measured characteristics, e.g., financial education hours, and lack of measurement for others, e.g., case management. Therefore, we measure a “bundle” of program characteristics, not specific characteristics such as match rate, financial education requirements, and case management activities. These dummy variables also captured unmeasured program characteristics attributable to differences in communities, organizations, and staff.

Nine of the 13 logistic regression models were statistically significant at the 0.05 level or below. The dependent variables in these models include five economic effects (Table 4) and three social and civic effects (Table 5). The models predicting the likelihood of increased work hours, maintained employment, decreased saving outside of IDAs, and decreased money for leisure were not significant. Here, we highlight three important patterns from the multivariate models.

Table 4. Correlates of Perceived Economic Effects: Logistic Regression Results

	More likely to make educational plans for self			More likely to make educational plans for children			More likely to make plans for retirement		
	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio
Age	0.01	0.59	1.01	0.01	0.70	1.01	0.02	0.18	1.02
Live with spouse/partner	-0.28	0.40	0.76	-0.29	0.44	0.75	-0.20	0.54	0.82
Number of children	0.06	0.61	1.06	0.13	0.42	1.14	0.08	0.50	1.08
Monthly income (compared to less than \$1,000 per month)									
Between \$1,000 and \$1,500	-0.73	0.03	0.48	0.14	0.76	1.14	-0.06	0.85	0.94
Between \$1,500 and \$2,000	-0.24	0.61	0.79	-0.73	0.19	0.48	-0.88	0.06	0.42
Greater than \$2,000	-0.51	0.32	0.60	-0.06	0.92	0.94	-0.35	0.47	0.71
Saving regularity during IDA (compared to those who saved a regular amount each month)									
Did not save	0.69	0.34	1.99	-0.01	0.99	0.99	-1.63	0.03	0.20
Saved, if had extra	0.21	0.49	1.24	0.08	0.84	1.08	-0.62	0.05	0.54
Asset goal									
Home purchase	-0.59	0.17	0.56	-0.49	0.31	0.61	-0.21	0.60	0.81
Home repair	-0.58	0.26	0.56	-0.25	0.68	0.78	-0.19	0.71	0.82
Post-secondary education	1.86	0.00	6.40	-0.50	0.31	0.61	-0.54	0.19	0.58
Microenterprise	-0.49	0.26	0.61	-0.24	0.62	0.79	-0.49	0.24	0.61
Months in program	0.00	0.93	1.00	-0.04	0.19	0.96	0.03	0.33	1.03

Table 4. Continued

	More likely to make educational plans for self			More likely to make educational plans for children			More likely to make plans for retirement		
	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio
ADD IDA program (compared to ADD Program 6)									
ADD Program 1	0.79	0.16	2.20	0.82	0.20	2.28	-0.28	0.60	0.76
ADD Program 2	0.31	0.47	1.36	0.29	0.56	1.34	-0.15	0.70	0.86
ADD Program 3	0.22	0.61	1.25	0.25	0.58	1.29	0.07	0.87	1.07
ADD Program 4	0.58	0.34	1.78	8.41	0.54	4478.31	2.27	0.00	9.66
ADD Program 5	1.21	0.01	3.35	1.15	0.03	3.17	1.16	0.01	3.17
Constant	0.18	0.84	1.19	0.57	0.58	1.76	-0.29	0.72	0.75
-2 Log Likelihood	313.49			222.35			318.56		
Model Chi Square	47.61	<0.01		34.59	0.01		41.48	<0.01	
Degrees of Freedom	18			18			18		
N	267			194*			266		

*Sample includes only those who reported at least one child.

Table 4. Continued

	More likely to buy or renovate a home			More likely to start or expand a business			More likely to try to increase income		
	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio
Age	-0.04	0.03	0.96	0.03	0.08	1.03	0.00	0.99	1.00
Live with spouse/partner	0.30	0.50	1.35	-0.18	0.64	0.84	-0.75	0.02	0.47
Number of children	-0.02	0.87	0.98	-0.06	0.64	0.94	0.08	0.47	1.08
Monthly income (compared to less than \$1,000 per month)									
Between \$1,000 and \$1,500	-0.23	0.61	0.79	-0.74	0.06	0.48	-0.15	0.66	0.86
Between \$1,500 and \$2,000	-0.36	0.61	0.70	-0.86	0.11	0.42	-0.05	0.92	0.96
Greater than \$2,000	-0.09	0.88	0.91	-0.03	0.97	0.98	-0.50	0.30	0.61
Saving regularity during IDA (compared to those who saved a regular amount each month)									
Did not save	-0.96	0.33	0.38	-1.84	0.03	0.16	0.22	0.76	1.24
Saved, if had extra	-0.24	0.56	0.79	-0.34	0.33	0.71	0.20	0.51	1.23
Asset goal									
Home purchase	3.22	0.00	24.93	0.12	0.82	1.12	-0.49	0.23	0.61
Home repair	2.25	0.00	9.51	-1.61	0.01	0.20	-0.14	0.79	0.87
Post-secondary education	-0.85	0.10	0.43	-0.51	0.33	0.60	-0.75	0.07	0.47
Microenterprise	-0.21	0.69	0.81	3.44	0.00	31.32	-0.56	0.17	0.57
Months in program	-0.01	0.85	0.99	-0.01	0.70	0.99	-0.02	0.41	0.98

Table 4. Continued

	More likely to buy or renovate a home			More likely to start or expand a business			More likely to try to increase income		
	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio
ADD IDA program (compared to ADD Program 6)									
ADD Program 1	1.37	0.09	3.93	-0.41	0.55	0.66	-0.15	0.77	0.86
ADD Program 2	0.58	0.33	1.78	0.08	0.87	1.08	0.38	0.34	1.46
ADD Program 3	-0.27	0.66	0.76	-0.05	0.91	0.95	0.37	0.38	1.45
ADD Program 4	-0.76	0.31	0.47	0.78	0.27	2.18	3.56	0.00	35.16
ADD Program 5	-0.21	0.73	0.81	-0.02	0.98	0.99	0.62	0.15	1.86
Constant	1.82	0.10	6.18	-0.13	0.89	0.88	1.07	0.18	2.91
-2 Log Likelihood	193.33			267.54			316.29		
Model Chi Square	107.30	0.00		92.90	0.00		39.72	0.00	
Degrees of Freedom	18			18			18		
N	263			263			266		

Table 5. Correlates of Perceived Social and Civic Effects: Logistic Regression Results

	More likely to have good relationships with family			More likely to be involved in neighborhood			More likely to be respected in community		
	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio
	Age	0.01	0.42	1.01	0.04	0.03	1.04	0.01	0.36
Live with spouse/partner	0.41	0.21	1.51	0.17	0.64	1.18	-0.10	0.79	0.91
Number of children	0.14	0.22	1.15	-0.03	0.82	0.97	-0.13	0.29	0.88
Monthly income (compared to less than \$1,000 per month)									
Between \$1,000 and \$1,500	-0.42	0.21	0.66	-0.53	0.14	0.59	-0.76	0.03	0.47
Between \$1,500 and \$2,000	-1.06	0.02	0.35	0.34	0.48	1.40	-0.08	0.87	0.92
Greater than \$2,000	-1.36	0.00	0.26	-1.56	0.01	0.21	-0.83	0.10	0.44
Saving regularity during IDA (compared to those who saved a regular amount each month)									
Did not save	-0.72	0.30	0.49	-0.74	0.36	0.48	-0.97	0.28	0.38
Saved, if had extra	-0.23	0.45	0.80	-0.69	0.04	0.50	-0.08	0.80	0.93
Asset goal									
Home purchase	-0.46	0.27	0.63	-0.44	0.34	0.65	-0.84	0.06	0.43
Home repair	-0.17	0.74	0.84	-0.76	0.19	0.47	-0.86	0.12	0.42
Post-secondary education	-0.14	0.72	0.87	-0.16	0.72	0.85	0.22	0.62	1.24
Microenterprise	-0.72	0.08	0.49	-0.14	0.76	0.87	-1.05	0.02	0.35
Months in program	-0.03	0.26	0.97	-0.01	0.82	0.99	-0.02	0.54	0.98

Table 5. Continued

Correlates of Perceived Social and Civic Effects Effects: Logistic Regression Results

	More likely to have good relationships with family			More likely to be involved in neighborhood			More likely to be respected in community		
	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio	Beta	p-value	Odds Ratio
ADD IDA program (compared to ADD Program 6)									
ADD Program 1	0.75	0.17	2.11	1.02	0.08	2.78	1.20	0.03	3.33
ADD Program 2	0.03	0.94	1.03	0.90	0.05	2.45	0.54	0.24	1.71
ADD Program 3	0.60	0.15	1.83	0.56	0.26	1.75	0.46	0.33	1.59
ADD Program 4	2.04	0.00	7.71	2.92	0.00	18.53	2.40	0.00	11.02
ADD Program 5	0.94	0.03	2.56	1.93	0.00	6.91	0.87	0.07	2.39
Constant	0.41	0.61	1.51	-1.98	0.03	0.14	-0.14	0.87	0.87
-2 Log Likelihood	326.33			286.48			296.42		
Model Chi Square	36.67	0.01		51.79	<0.01		46.483	<0.01	
Degrees of Freedom	18			18			18		
N	264			265			263		

First, people who were saving for a particular asset goal reported planning and purchase effects related to this goal. Those who were saving for post-secondary education were 6.4 times more likely to report making educational plans for themselves than those who did not have IDAs for education. As compared to those without IDAs for home purchase and home repair, participants saving for home purchase were 24.93 times more likely to report saving for home purchase or renovation, and those saving for home repair were 9.51 times more likely to also report saving for home purchase or renovation. Those saving for microenterprise were 31.32 times more likely to report saving to start or expand a business than those who did not have IDAs for microenterprise. These effects are large and show that participants are optimistic about their IDA purchases. Other research methods in ADD will test whether IDAs actually increase these types of investments.

Second, other participant characteristics were rarely significant. (In fact, we initially included three other demographic characteristics in our models: gender, race, and education. These variables were almost never significant, so they were excluded.) The occasional exceptions were household income and, to a lesser extent, saving regularity. Compared to those earning less than \$1,000 per month, those with more income were generally less likely to say that IDA participation had social and civic effects. Those who reported saving regularly during their IDA participation were sometimes more likely to report asset planning and purchase effects.

Finally, unlike participant characteristics, program characteristics were frequently significant. As noted above, our program variables capture bundles of program characteristics, e.g., match rate, financial education, and case management, and we cannot say which program components matter. Nevertheless, this pattern is consistent with the theoretical perspective emphasizing institutional variables as important predictors of saving behavior, saving outcomes, and asset effects (Beverly & Sherraden, 1999; Sherraden, 1991).

Discussion

As we have emphasized throughout this article, these data are self-reported perceptions of IDA programs. We cannot say whether IDA programs actually have the effects that respondents reported. For example, participants may not actually purchase assets or increase civic engagement even though they believe IDA participation makes these outcomes more likely. In addition, respondents may have given answers they thought would please interviewers (especially since the survey was administered by program staff). The sample includes only IDA participants in the United States, and Caucasian and highly educated individuals are over-represented. More research is needed to determine if these findings hold for less-advantaged populations in the United States and for participants in other countries.

Like all cross-sectional surveys, this survey provides a “snap-shot” assessment. We do not measure change over time in participant perceptions nor do we compare participant perceptions to perceptions of a comparison group consisting of non-ADD participants. A more rigorous method of ADD is a randomized experiment that ends in 2003 and will better assess the effects of IDAs.

However, if a cross-sectional survey of participant perceptions has merit, then there is evidence that IDAs represent a social development strategy. Participants are overwhelmingly positive about the effects of IDAs. Differences in the structure and implementation of IDA programs partly shape whether participants perceive these effects. Determining the effects of specific characteristics is an important area for future research. Here, we offer a few comments on the three categories of IDA effects.

Psychological Effects.

The opportunity and ability to save and achieve an asset goal may affect how IDA participants think and feel about their futures. A few participants may feel more stressful about the future as they look closely at their financial situations and anticipate their asset purchases. However, survey data show that psychological effects are positive for many. Because of their IDAs, participants feel more confident, secure, and in control of their lives.

Perceived psychological effects were so positive that we could not estimate multivariate models. What about the IDA experience may cause this effect? All ADD sites offered economic and asset-specific education. These classes teach participants how to budget and save money and how to purchase and maintain assets. This information may have increased participants' confidence in their ability to save and achieve asset goals. Having money in IDA accounts may also have contributed to feelings of security. More research is needed to determine the specific influences on these psychological effects and whether they prove to be long-term effects.

Economic Effects.

The asset planning effects suggest an increased orientation toward the future among IDA participants. Participants believe that they are more likely to plan for their own education, for their children's education, and for their retirement because they own IDAs. These perceived effects on human capital and security in old age, if real, have important long-term implications for well-being. Participants also believe they are more likely to invest in homes and small businesses. These outcomes, if confirmed, would also indicate that IDAs promote economic participation and integration, important social development outcomes. It is noteworthy that some individuals say they are more likely to plan for and invest in particular assets even when these are not their stated asset goals. Perhaps IDA participation increases self-confidence and self-efficacy. Or, this finding may suggest that participants have multiple saving goals and that receiving matching funds for one goal frees up money for other goals.

Between 40 and 60 percent of respondents report efforts to increase income. These findings will likely be viewed as positive because they suggest that participants are willing to make behavioral changes in order to make IDA deposits. On the other hand, an increase in work hours is not unambiguously positive, because expenses generally increase, children may go unsupervised, and so forth. Future research should examine employment effects in more detail.

Some participants report negative consequences from IDA participation, such as giving up food or necessities and having difficulty paying bills. About one-third say they are less likely to save outside of their IDAs, and about one-third say they have less money for leisure than they would like. These findings reveal that participants are willing to change consumption and asset

allocation, presumably because the perceived costs of doing so are smaller than the perceived benefits from saving in IDAs. In some situations, these choices might be viewed as desirable. The returns on IDA saving may be greater than the returns on other saving, for example, and the reallocation from leisure to saving may lead to greater well-being in the long-term. However, many would like to see IDAs lead to “new” saving by low-income families, and few would be comfortable if IDA programs increased material hardship. Other research in ADD will examine these outcomes with experimental data. IDA participants may need help evaluating the costs and benefits of consumption and saving choices.

Social and Civic Effects.

Social and civic effects from IDA participation are somewhat less commonly reported than the other types of effects examined here. Still, about half the respondents say they are more likely to have good relationships with family, and about one-third agree that they are more likely to be involved in their neighborhoods or respected in their communities because they own IDAs. What explains these outcomes? Perhaps family members are proud and optimistic about the participant’s involvement in an IDA program and perhaps this improves family relationships. Participants may have more pride in themselves because they have IDAs and are, therefore, more forthcoming and outgoing with neighbors. They may respect themselves more and so believe others in their community do as well. The fact that social and civic effects are less common than other IDA effects may suggest that social and civic effects are longer-term outcomes of asset development.

Conclusion

This article is perhaps the first to report the effects of IDA programs as perceived by participants. The available evidence suggests that IDAs should continue to be viewed as a social development strategy. The fact that participants are very positive about the effects of IDA programs is noteworthy. If participants did not perceive positive effects, then we would probably not expect experimental data to reveal program effects. Still, as the previous paragraphs indicate, this study has raised more questions than it has answered. One outstanding question is how applicable IDAs are to other developed and developing nations. In countries where formal savings institutions are less common, it is not known whether IDAs are an appropriate and effective social development strategy. With the increased adoption of IDAs worldwide, identification of program differences and comparative assessment of effects will be informative. We encourage more research into the nature and long-term effects of IDA participation and asset development in the United States and around the world.

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