

## FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA (FAIM)

[M.S. 256E.35](#)

**Purpose:** The purpose of Family Assets for Independence in Minnesota (FAIM) is to help low-income working Minnesotans increase savings, build financial assets and enter the financial mainstream.

**Description:** FAIM combines individual development accounts (IDAs), which are matched savings accounts that provide financial incentives to save, with financial literacy education, asset-specific training and ongoing coaching that supports and facilitates working poor families to acquire assets and increase their economic security.

FAIM accountholders receive match at a rate of a 3:1 for every dollar of earned income saved, up to a maximum of \$480 of their own savings annually. Accountholders can save for an asset for up to 2 years, and can build up to \$3,840 in match and savings at the end of 2 years. FAIM's match incentives operate similarly to an employer match for 401(k) contributions.

To be eligible for FAIM, households must have incomes at or below 200% of the federal poverty level and assets of \$10,000 or less. Accountholder savings must be from earned income and are encouraged on a regular basis. FAIM savings and match may be used for one of three asset goals: to purchase a home, to pursue post-secondary education, or to capitalize a small business.

FAIM is delivered by a statewide multi-site collaborative of 24 Community Action Agencies (CAAs), Women Venture, Inc., Leech Lake Tribal Government and City County Federal Credit Union. West Central Minnesota Communities Action, Inc. is the fiscal agent for the initiative and provides statewide coordination.

**Background:** IDAs emerged in the 1990s in recognition that poor and working poor families are often excluded from financial opportunities for asset development traditionally available to middle- and upper-income families. In Minnesota, FAIM was established by the 1998 Legislature with authorizing language. An initial pilot phase ran from through June 2004, with the current 2-year program design operating continuously since then. The Minnesota Legislature currently appropriates \$500,000 for the FY2010-2011 biennium for FAIM. FAIM also receives financial support from a federal [Assets for Independence \(AFI\) grant](#), the United Way and a variety of other private sources including the McKnight Foundation. State funds leverage non-state funds on at least a 1:1 ratio.

### Highlights and Key Results:

- From 2000-2009, accountholders deposited over \$2 million into savings accounts.
- As of September 30, 2009, over 1,400 assets have been acquired by FAIM accountholders. Twenty-nine (29) % of FAIM accountholders have used their savings and match to purchase a home, 33% to capitalize a business and 38% for higher education.
- Over 2,800 participants have attended 12-hours of general financial education through FAIM since 2000.
- Each asset acquired also has a community impact including increased property taxes generated from home purchases, jobs created, professional skills attained, and small business purchases that support local economies around the state.
- Research conducted by Washington University of St. Louis' Center for Social Development showed that low-income Minnesota FAIM participants saved an average of \$28 per month, and saved an average of 9 out of every 12 months.
- For additional information about the FAIM program, visit [www.minnesotafaim.org](http://www.minnesotafaim.org)

### Current and Emerging Trends:

- In order to achieve long-term security, working poor families and those leaving welfare need opportunities to secure employment that pays enough to both cover basic needs and build financial assets.
- The gap in wealth and financial assets between people with low-incomes and people with higher incomes is even larger than it is for income.
- Approximately 25% of low-income families have no relationship with mainstream financial institutions.
- Securing funding for non-match activities for FAIM (e.g. financial education, coaching) is challenging.

**For more information about FAIM, contact Joelle Hoeft or Daniel DuHamel of the Department of Human Service's Office of Economic Opportunity at (651) 431-3813 or (651) 431-3819.**

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