



FAMILY ASSETS FOR INDEPENDENCE IN MINNESOTA (FAIM)

Purpose: Family Assets for Independence in Minnesota helps low-income working Minnesotans increase savings, assets, and financial knowledge to achieve greater economic security.

Description: Participants open savings accounts at local banks to save for one of three assets: *home purchase, post-secondary education, or small business capitalization*. Savings are matched 3 to 1, much like employer-based retirement accounts. Accountholders can save for two years with a maximum match and savings total of \$3,840.

Eligibility: Household incomes must fall below 200% of the federal poverty level (\$40,180/year for a family of three). Accountholder deposits must be from **earned income**.

Delivery: A collaboration of Bremer Banks, City County Federal Credit Union, Community Action Agencies, Leech Lake Tribal Government, Emerge Community Development, Minneapolis Urban League, Asian Media Access, Rice County Dollars and \$ense, and Neighborhood Development Alliance deliver statewide services.

Return on Investment: The following results demonstrate a solid return on investment:

- Over the last 14 years, very low income FAIM accountholders earned and deposited nearly **\$5 million** into local savings accounts statewide.
- Over 5,335 **assets** have been acquired: 40% home purchases, 34% capitalized businesses, and 26% higher education degrees.
- Over **6000 participants completed 12 hours of financial education**, increasing the financial fitness of Minnesotans working to leave poverty permanently. These new skills are modeled and passed on to the next generation, **decreasing the likelihood of intergenerational poverty**.
- FAIM asset purchases **boost local economies** through increased **home ownership** property taxes, newly **created jobs**, local **small business purchases**, and increased **professional skills**.
- University of MN research (Solheim & Wochnick, 2008) demonstrated **high FAIM home ownership retention and foreclosure prevention rates**. The study examined home purchases made over 4 years, reporting that 94% improved economic well-being through home retention or a net gain property sale.
- A **return-on-investment study** (see reverse) found that: nearly **90% of FAIM small business were still in business after 2 years** (national average is 46%), there were **no reported home foreclosures**, and **96% of post-secondary education seekers had obtained their degree or were in pursuit**. **Public assistance usage decreased dramatically** following FAIM participation, with nearly 60% of participants accessing no cash assistance at program exit, compared to 12% at entry.
- **High quality financial education and ongoing coaching** are key program success factors. Participants receive 1:1 guidance on sound budgeting, credit repair, debt reduction, consumer protection, mortgage lending products, and how to maintain their assets. Free tax preparation is offered at many sites.
- **New partnerships**, including a small **Youth IDA pilot**, are expanding the reach of FAIM.

State Funding Leverages private and non-federal support: A state biennial \$500,000 appropriation successfully leverages 1-to-1 matching federal Assets for Independence grant funding. Multiple local private sources include financial institutions, United Way, foundations, and other community resources.

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FAIM Return-on-Investment Research Highlights

Three studies were conducted in 2013 to determine the return-on-investment of the FAIM program to investors--funders, legislators, and other supporters. Examining each of the three assets separately, we worked with students from Gustavus Adolphus College in January and University of MN Humphrey School students over this past summer to contact FAIM program graduates over the past ten years. In-depth phone interviews conducted with former FAIM participants to collect data about their experience with the program and its impact on their lives and productivity. The Humphrey students created an additional on-line survey option for their survey respondents.

The overarching research finding from these three reports is that the FAIM program has provided tremendous resources and assistance to support the mobility of Minnesota's low-wage families. Here are a few highlights from each of the reports for your review.

Home Ownership Asset Findings:

Of the **81** FAIM graduates surveyed:

- **67 had purchased** a home and 14 were aiming to buy one in the near future.
- **97% still owned** their home, and 2 had already sold. There were **no reported foreclosures**.
- **89% had not used risky financial products** or services in the past 6 months.
- **56%** experienced an **increase in their income** since completing FAIM.

Education Asset Findings:

Of the **115** Education Track FAIM graduates surveyed:

- **65%** had **completed their degree** or certificate, 31% were in active pursuit.
- **40%** said their employment has improved since completing their education;
- **57% said their incomes have increased** by a combined \$440,000+ per year.
- **While 12%** of respondents reported using no public assistance upon FAIM enrollment, that percentage **more than quadrupled** to 57% following FAIM participation.

Small Business Asset Findings:

Of the **130** Small Business Track FAIM graduates surveyed:

- **89%** of surveyed FAIM-sponsored businesses are still in operation after over 2 years, compared to a national average of **44%**.
- **14%** reduced their state assistance in low income heating assistance, food support, and MN Care health coverage; resulting in an estimated savings to the state of **\$241,313/year**.
- **65%** of businesses achieved an increase in their sales and income after applying their FAIM matched savings to improve their businesses.
- **22%** of businesses have added at least 1 additional employee since launching their business.
- **\$26,681,504/year of total estimated income revenue** was generated for all FAIM recipients and their employees.