

Transition & Asset Building

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Agenda

- What is Asset Development
- Economic Inequities of Disability
- Poverty is a Problem
- Changing the conversation
- Asset Building Strategies

What is Asset Development?

Strictly speaking, assets are a stock of capital, including savings, financial securities, owning a business or property. Other less tangible forms of assets include educational achievement, job skills, training and access to credit.

Welfare policy for the poor and disabled has tended to focus nearly exclusively on income support. Disability policy for the last 30 years has focused on employment not a combination of employment, living wages and assets development

The Depressing Reality

- 54% of persons with disabilities have no savings account
- 75% of persons with disabilities do not have any loans with financial institutions
- 10% of persons with disabilities own their own home
- 39% of persons with disabilities indicate that lack of financial resources is the most serious problem they face

Last 30 years the assumption was work will be the answer

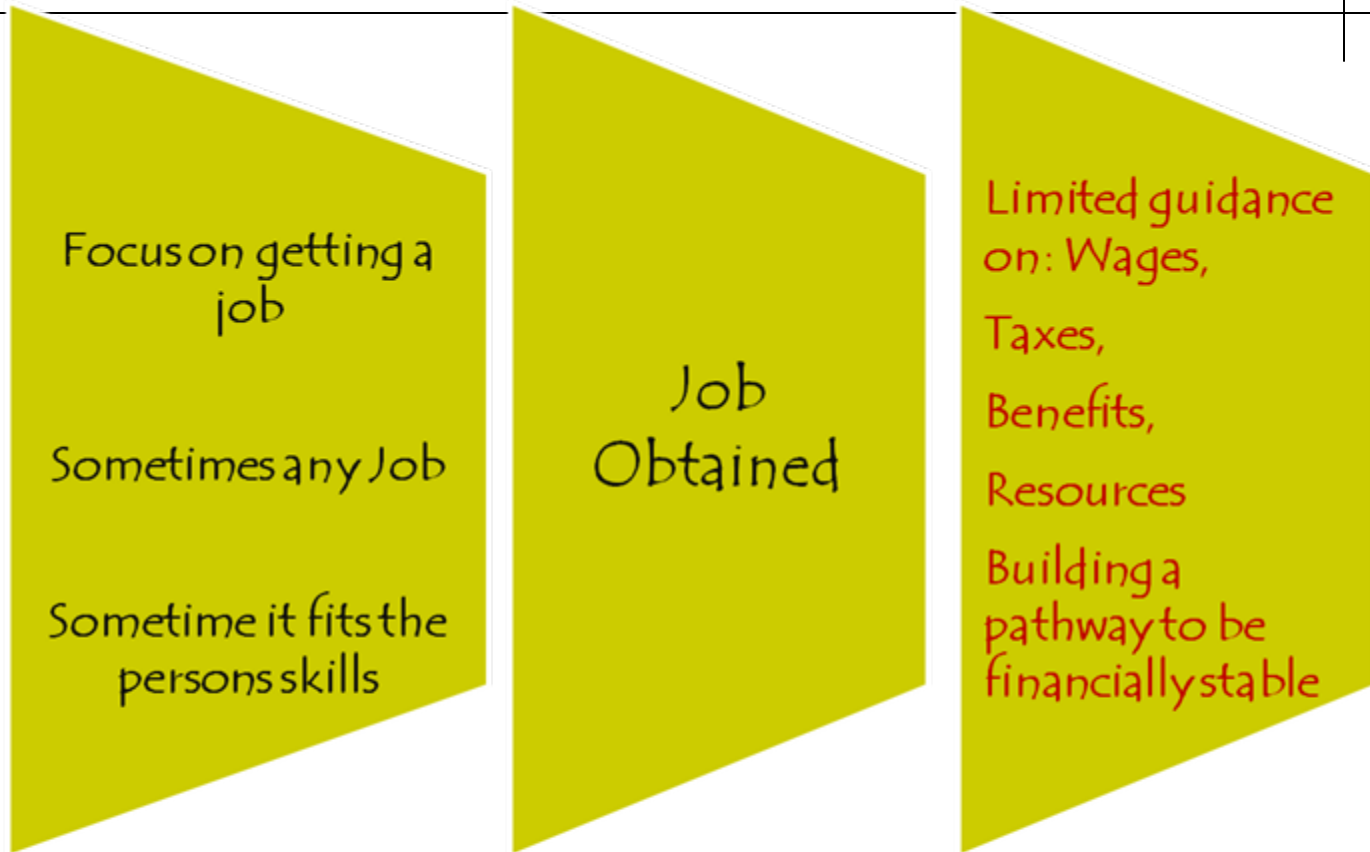
We rarely view disability services as setting someone up to live in poverty or being part of the working poor with no way out.

Frequently there is the assumption that the wage doesn't matter because the person doesn't understand money and they have public benefits.

Yet how many of us really understand money?

Most people only understand what they need to know to function.

Current System



What We Want

Need to have conversation about money, wages, hours., benefits, taxes, credit scores, banking

Impact of earnings on a person's life

Job Obtained
And a Plan for financial independence developed.

Person has a pathway to financial stability

Knows where in the community to go for support and information

What a Counselor Can Do

IEP

Encourage students, parents, teacher

To have a plan when a student will have paid work.

To use work incentives as a asset building tool

Encourage conversations on how much people get paid and what that wage will buy.

IPE

Counseling and guidance includes money issues connected to vocational planning –

how much does the person need to earn now & in the future, what would that provide his or her life, what is the person willing to do, what community supports do they need to have in order to achieve to be financially stable.

closure

Student earns a living wage, has work incentives in place

Knows community resources

Has a financial plan

Assumptions that Help

Students are always better off by working.

Everyone should be part of the financial mainstream.

Work Incentives connected to public benefits are tools that can be used strategically to help position students to be better off financial.

Incorporating into transition planning:

- Financial literacy,
- Steps that need to be taken to be on pathway of financial stability
- Financial goals

Three Theories That Impact

- ❑ Aversion Theory -Aversion Theory – people tend to be more afraid of what they will lose than what they will gain. Need to think about how we present information.
- ❑ Money and benefits are emotional topics for most people.
- ❑ How students define themselves and how families, teachers defines them impacts if they think money applies to them.

Money the last Taboo

- Talking about money is difficult
- Trust is required for the student to hear you.
- These are conversations that need to happen repeatedly. Student ability to hear information changes over time.

We Need to Start Having Conversations About Money

There are limited conversations about money:

- On the amount of money people need to be financially stable. Or how they define financial stability?
 - How to use their public benefits strategically?
 - What their lives could look like with a little more money?
 - What they would like to buy now and what they would like to save for?
-
- The more significant the disability the less conversations there are

No One Learns about money in a Vacuum

- We need to have conversations that start during transition that help students and their supports:
- View the student as a wage earner and someone who will be part of the financial mainstream.
- Need to curative the belief that the student will not only obtain employment but a living wage.
- We have learned how to look at tasks a person can do and start to customized a job for that person that fits who that person is. We need to start thinking about money in the same way.

Transition is a Perfect Time to Talk Money

- ❑ During Transition we need to help students and their families think about what are essential benefits for now and overtime.
- ❑ Essential benefits are what the student and family have decided are needed and can put a student on a pathway to financial stability.
- ❑ We need to dispel misinformation about benefits and start thinking how work incentives can be used strategically.
- ❑ Create a financial plan for the student that is a living document. That includes what work incentives they could be utilizing, when and where to open a bank account, financial literacy that is available online or in the community, using the Earn Income Tax Credit (EITC), community resources.

Topic that Could be Explored During Transition

That people work for pay. What minimum wage is and what it can buy.

A plan for saving towards a goal that matters to the student.

By 13 age every student should have a bank account

Older Students should be consider checking account.

By graduation all students should have a relationship with a credit union or bank.

The Real Cost of Credit and credit scores

Taxes – many students get their first introduction into the world of taxes when they discover their paycheck was less than expected, thanks to income tax deductions

Information That Could be Included in the IEP

Related Services-Has met with a benefits planner

Community Experiences

Has a relationship with a –credit union, or bank

Employment

Determined wage the student needs to earn

Knows what work incentive to use to increase income

Knows how to report earned income to SSA

Has developed a saving plan

Daily Living Skills -Has the opportunity to buy something with savings

Post School Adult Living Objectives- leaves school with a financial plan

Asset Building Approaches

Need to start thinking about how we bundle approaches together to help students be on a pathway to financial Stability.

Individual Development Accounts (IDAs)

What are IDAs?

- Matched savings accounts- matches range from \$1.00 to \$9.00
- The match comes from Asset for Independence (AFI) and private donations
- Federal IDAs can save for education, homeownership, or starting own business.
- Account holders receive financial literacy training and counseling.

Who Qualifies for an Individual Development Account?

- In Federal IDAs it must be *Earned* income
- 200% of poverty level
- Other requirements (vary by program)

IDAs

Federally funded IDAs are exempt from asset calculations on ALL benefit programs- SSI, Medicaid, food stamps, etc...

Contributions deduct from countable income

Non-federally funded IDAs count as a resource unless included as part of a PASS plan or in a custodial account

<http://idaresources.org/afigrantees>

IDAs and Work Incentives

- **Plan to Achieve Self-Support & IDA**
- PASS lets disabled individual set aside money and/or things he or she owns to pay for items or services needed to achieve a specific work goal.
- IDAs are matched savings accounts that help people with modest means to save towards the purchase of an asset.
- IDAs & PASS can some time be combined into one account for increased savings.

Student Earned Income Exclusions

This work incentive allows a student who is under age 22 and regularly attending school to exclude up to \$6,600 annually.

That means for persons on SSI, SSA will not count up to \$6,600 of their earnings.

This work incentives should be part of any students work plan

Trial Work Period

Trial Work Period (TWP): The Trial Work Period applies to you only if you receive SSDI or SSDAC.

Trial Work Period is a nine month period with three additional months called the cessation and grace period.

For a full year you can try working without losing your benefits. During the Trial work period you can earn as much money as you can and still receive your full Social Security check.

Income-Related Work Expenses

What are Income-Related Work Expenses (IRWEs)?

- Items or services that are related to your disability and which you need in order to work
- Cost must be paid for by you
- Can decrease countable income and help increase or maintain benefits
- Can provide the student with another saving opportunity

Earned Income Tax Credit (EITC)

Federal income tax credit for low-income workers

Reduces the amount of tax an individual owes, and may be returned in the form of a refund

Does not count as earned income

Must have earned income

Must file a return

Cannot be a qualifying child of another person

Accelerated Savings Account

Accelerated Savings Account Participants open a savings account with an initial deposit of \$500 and make a \$40 deposit each month for a 14-month period. After six months of savings, participants receive an interest subsidy of 19.35%, and receive additional interest after months twelve and 14.

Ramp-UP enables participants to save and receive significant interest payments during various intervals, regardless of their ability to purchase an asset. At the end of the savings period, participants are encouraged to transfer their funds into an IRA or other investment product.

As of February 2010, six organizations are offering Ramp-UP accounts.

<http://opportunitytoassets.com/>

The Alliance for Economic Inclusion (AEI)

(AEI) is the FDIC's national initiative to establish broad-based coalitions of financial institutions, community-based organizations and other partners in markets across the country to bring all unbanked and underserved populations into the financial mainstream.

AEI's focus is on expanding basic retail financial services for underserved populations, including savings accounts, affordable remittance products, affordable small-dollar loan programs, targeted financial education programs, alternative delivery channels and other asset-building programs.

What alternative products do our students need?

Financial Portfolios

CASA of Oregon, Community Vision and Innovative Change have established financial portfolios for individuals with disabilities including:

- IDAs federal and state

- Low interest loans

- IDAs and low interest loans

- IDAs and PASS plans

Washington Access Fund

Washington State law allows for individuals with state IDAs to save for assistive technology, as does Oregon's and Utah.

Washington Access Fund provides the state's assistive technology (AT) IDAs and is also a CDFI that provides low interest loans for AT.

Loans with WAF and improve individuals credit score.

The program aims to combine IDAs and low interest loans to build economic self-sufficiency.

Received permission for Dept. of Education to use telework funds to create IDAs for business equipment.

Attitudes are changing

Disability Policy makers are starting to think about the importance of financial stability for individuals who have a disability

As a country as a whole we are thinking about financial stability

- 13 states require students to take a personal finance course or include the subject in an economics course before they graduate from high school, according to the [Council for Economic Education](#).
- 34 states (including those 13) have personal finance within their curriculum guidelines, up from 28 states in 2007.
- How are our students with disabilities included?

Achieving a Better Life Experience (ABLE) Act of 2009

Able was Reintroduce in November. This reflects the attitude shift.

Purpose: to encourage & assist individuals & families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life

To provide secure funding for disability- related expenses on behalf of designated beneficiaries with disabilities that supplement, not supplant, public benefits.

Able Act

1 Tax Exempt Account per SSI beneficiary up to \$500,000

Allowable expenses include:

Preschool & postsecondary education; tutoring; special education services; training; employment supports; personal assistance & community-based supports; respite care; clothing; assistive technology; home modifications; out-of-pocket medical, vision, or dental expenses; transportation vehicle purchases or modifications; insurance premiums; habilitation and rehabilitation services; funeral and burial expenses; and other services or products allowed by regulation.

SE TACE's Webinar Series on Asset Development

Jan 24, 2012

1:00 to 3:00 ET

Michael Morris

An overview of asset development

February 14, 2012

1:00 to 3:00 ET

Thomas Jensen,

How to talk about money in vocational planning

March 6, 2012

1:00 to 3:00

Elizabeth Jennings

Content Using Work Incentives Strategically

SE TACE's Webinar Series on Asset Development

April 3, 2012

1:00 to 3:00

Jackie Wilks-Weathers

The Center for Financial Independence & Innovation, Inc.

Richard Keeling , IRS

Stakeholder Partnerships, Education and Communication

Content- Building a better financial future-

May 8, 2012

Mike O'Brien

Director of OK VR

1:00 to 3:00 ET

The connection between financial stability and job retention will be examined.

This session will provide:

SE TACE will have a webpage on asset development starting 1/2012

Resources

Financial literacy information for youth including curriculum www.jumpstart.org/

Asset for Independence Resource Center

<http://idaresources.org/>

The Corporation for Enterprise Development (CFED) is a national nonprofit based in Washington, DC dedicated to expanding economic stability. <http://cfed.org/>

<http://wid.org/publications>

http://www.disabilityworld.org/04-05_04/resources/equity.shtml

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THANK YOU!

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