



## Discussing Asset Building in a Recession

### **Asset building promotes a personal safety net.**

- Asset building does not always imply creating passive, frozen assets; many who begin building assets focus on more immediate safety nets – emergency funds, savings for car repairs – these kinds of savings goals help low-income people make active improvements in their life.
- Having a stable asset can provide a “personal safety net.” Those with assets will be better able to weather temporary financial storms.
- Putting people on the path toward financial stability begins at many different places:
  - Financial education, self-assessment of financial habits, and dealing with debt are all important asset building strategies.
- Even small-scale savings build financial skills - and credit scores - to help low-income people achieve larger assets such as higher education, homeownership, and retirement.
- The economic slowdown creates opportunities for asset policy development that can put families & communities on the path toward building assets and avoiding future economic meltdowns.

### **Savings can promote financial stability.**

- A focus on the current crisis without promotion of long-term stability only sets people up for future instability.
- Policies to encourage low- & moderate-income people to save must balance risk and return; neither should be short-changed.
- Responsible asset-building incentives have been successful:
  - Default rates for homes bought with IDAs are well below national average. Sound mortgage products, down payments & financial education were keys to promoting stability.

### **Stimulus efforts should focus more on supporting individuals.**

- The financial industry bail-out attempts to shore up credit markets; low-income people need opportunities for income growth, not opportunities for more credit/debt.
- Policy makers should not just bail out Wall Street but should develop innovative strategies that stimulate the economy and promote individual economic stability.
- Economists see support for food stamps and unemployment as positive stimulus measures because of their ability to help people meet basic needs, avoid debt, and stimulate the economy.

### **Over an extended period, savings can actually help avoid recession**

- Savings can be used to overcome the disruption of erratic unexpected expenses, helping families manage their spending habits over their entire life course.
- Savings help individuals and families build a wide range of tangible assets that can lead to greater economic stability.
- Savings and assets can shape social development, and help lower-income people reach their full capacities.
- Savings helps accumulate resources that can be used strategically – to make investments in training, education, or investments that pay off down the line.

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[www.illinoisassetbuilding.org](http://www.illinoisassetbuilding.org)

For more information about IABG and asset-building efforts in Illinois, please contact Chris Giangreco (773.336.6073 or [support@illinoisassetbuilding.org](mailto:support@illinoisassetbuilding.org)).

IABG is co-chaired by Heartland Alliance for Human Needs & Human Rights and the Sargent Shriver National Center on Poverty Law.