

Assets Building and Low-Income Families: Policy Implications

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Policy Implications

- The Rise of an “Assets Perspective.”
- Reframing of poverty and social development, beyond consumption and over extended time horizon.
- Economic well-being as a function of a long-term, dynamic process.
- Limits of existing tools, measures, and data.

Policy Implications

- Consideration of assets in social policy will require better data (accuracy and frequency).
- More attention to developing appropriate alternative measures that capture assets and asset poverty.

Policy Implications

- Foundations of Asset-Based Policy include historic initiatives (Homestead Act, GI Bill, FHA)
- Public policy to promote wealth, savings, homeownership remains widespread.
- Policies are embedded in tax code and in employment settings.

Policy Implications

- But these policies are inaccessible to many lower-income families.
- Over \$400B a year in tax expenditures support homeownership, retirement savings, and investment, but with a regressive distribution.
- Half of employers do not offer retirement plans.

Policy Implications

- Furthermore, many lower-income families are subject to limits on the amount of assets they can hold and still qualify for federal program assistance.
- The result is asset-based policy that benefits the nonpoor and contributes to asset inequality.
- Especially if inclusive (universal and progressive) asset accumulation is the goal, there will be an expanded role for public policy.

Policy Implications

- Future Directions for Assets Policy:

Savings is a process shaped by institutions, not merely individual preferences.

Homeownership plays a special role in how families build, own, and lose assets.

Policy Implications

- Future Directions for Assets Policy:

Private retirement savings are a crucial asset for typical middle-income families, yet are missing for the typical lower-income family.

Assets are associated with multiple positive outcomes, and these outcomes extend beyond consumption.

Policy Implications

- If the case for an inclusive and integrated asset-based policy is convincing, what would it entail?

Reach a broader range and large number of people;

Occur throughout the life course and be flexible to adjust to changes in life-course;

Offer greater subsidies to people with fewer resources and greater needs;

Be large enough to support adequate levels of accumulation.

Policy Implications

- Thinking big leads to some form of account-based savings plan structure designed to promote long-term saving and asset accumulation.
- Platform and infrastructure would have to be simple, widely available, and portable.

Policy Implications

- There are also ways to think small (low cost)
- Diverse policy levers has lead to a broad assets policy agenda.

Adding Incentives to Save, removing disincentives;
Expanding access to financial services;
Connecting tax refunds to savings process;
Rebuilding Savings Bond Program;
Stregnthening asset protection laws.

Policy Implications

- ***The Assets Agenda: Policy Options to Promote Savings and Asset Ownership by Low- and Moderate-Income Americans***
- Newamerica.net