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“Building Assets for Low-Income Families”

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My name is Dorothy Beale from Philadelphia, Pennsylvania, and I graduated in September of 2004 from the Women’s Opportunities Resource Center’s (WORC) Family Savings Account program, which is also called the Individual Development Account program.

I joined the program in 2003 as a single mother who, like many others, had been working hard but could not get ahead. I had always dreamt of having a home for myself and my three children. I was tired of throwing my money away on rent and wanted something that I could call my own and one day pass on to my children. But I needed help.

At that time, my credit was “tore up,” and for those of you who don’t know that expression, let me explain: you can have good credit, fair credit, and poor credit. Mine was *below poor*, or “tore up.”

To fix my credit, I worked with a counselor at Acorn Housing, a nonprofit housing counseling agency, and paid off the small debts first, wrote letters to the credit bureaus to correct mistakes, and negotiated payment plans with my creditors to pay off the larger debts. It was a long process that took over a year, but I finally did it.

I also needed help saving towards a down payment. I learned about the Family Savings Account Program from Acorn Housing in April of 2003. I went on to the Women’s Opportunities Resource Center’s website and learned about their programs. WORC is a non-profit organization in Philadelphia that serves low income women and their families through entrepreneurial training, Family Savings Accounts, and small business loans. Their FSA program would help me to save towards a home and provide an incentive in the form of match money. I learned I could save up to \$2000 over a one to two year period and if I completed consistent savings and personal financial management classes, my savings would be matched dollar for dollar.

The hard part was saving. I had never saved before, and I needed something to discipline me. The personal financial management classes at Women’s Opportunities Resource Center taught me to budget and track my expenses. I thought about unnecessary things that I was spending money on and started making small sacrifices toward larger goals. After a few months it got easier. I began to get excited, determined and disciplined. I saw my money grow, my credit score rise, and my confidence tip the scales.

According to the action plan I developed with my program counselor at WORC, I saved \$80 per month over a fifteen month period and even deposited a lump sum from my Earned Income Tax Credit to reach the \$2000 goal. With the work I did on my credit, I

was able to obtain a mortgage for \$77,000, and with my \$4000 in savings and match funds, I was able to purchase my family's first home in September 2004.

Most importantly, this program has given me the opportunity to pass good budgeting and savings habits on to my children. While attending the program, I would take my children to the grocery store and show them how they could save money when shopping. I would show them my bank statements so they could watch our savings grow over time, and I was able to teach them to differentiate between wants and needs. I also opened savings accounts in their names and they now make regular deposits from their allowances and money they earn from chores.

The program got me thinking about other long term financial goals such as retirement and my children's college education. I decided to start saving more in my 401K, and I also opened college investment accounts for my children through Pennsylvania's Tuition Account Program.

Pennsylvania's Family Savings Account Program is essential. Pennsylvania developed this statewide program in 1997 and is grandfathered into the Assets for Independence Act, which allows Pennsylvania to receive up to \$1 million annually. This program is up for reauthorization and it is important that the grandfathering clause is maintained in order to continue a successful statewide program. Pennsylvania provides half the matching funds for the program and the other half comes from the Assets for Independence Act. (See attached fact sheet regarding the AFIA reauthorization.)

The program provided me with the structures, incentives and resources to achieve my dream of homeownership and to secure a sound financial future for my family. Every time I turn these keys in my door, my heart just overflows. It is the best feeling in the world to know I own something.