

Shriver Center's SEED Program Encourages Savings, Builds Long-Term Personal Finance Skills

The Sargent Shriver National Center on Poverty Law is leading a local effort to prove that low-income parents can build assets and save for their children's future education if they are offered tailored financial products, incentives, and training.

The Savings for Education, Entrepreneurship, and Downpayment program (SEED) is offered to students, at the William M. and Charles H. Mayo Elementary School in Chicago's Bronzeville neighborhood.

Program participants open 529 college savings accounts with donated funds at the local Bank One branch—also a SEED partner—and additional deposits by participants (up to \$125 per year) are matched dollar for dollar. Parents and their children may earn additional benchmark payments by completing age-appropriate financial education classes and other projects.

The Shriver Center's program is part of a six-year national initiative, managed by Washington, D.C.-based Corporation for Enterprise Development (CFED), to learn how SEED accounts affect participants psychologically, economically, socially, and behaviorally, and how to deliver such accounts efficiently to millions of children.

CFED selected, in a highly competitive process, nine groups from a pool of 149 applicants. The nine SEED partners represent many kinds of organizations, including Head Start programs, elementary schools, Boys and Girls Clubs, and a local United Way. The Shriver Center, through its community investment unit, wanted to participate because it views such programs as a critical extension of antipoverty initiatives.

"Many low-income and working families operate outside the financial mainstream, and they do not have regular checking and savings accounts. The result is that such families do not save and, consequently, do not build wealth and assets which can be used to pay for college or start a business," said Nancy Wilson, director of the Shriver Center's SEED program.

Private Financing Sets Stage for National Policy

Private foundations and banks fund the SEED initiative. The Bank One Foundation supports the Chicago SEED program.

"We are very interested in improving financial education skills and asset development within communities. We're always looking for innovative applications of the financial

services we provide, and it's exciting when we find meaningful opportunities for community change," said Lesley Slavitt, vice president of the Bank One Foundation.

The local SEED program, which was launched October 2003, reached initial capacity within two months. Because of this early success and strong demand, CFED recently increased its annual grant to the Chicago SEED program. With the additional support, the Shriver Center will increase local program enrollment to 75 from 50. In addition, SEED participants now have up to \$2,000, up from \$1,250, available over five years for initial deposits, matching funds, and benchmark payments.

Just as private funding for demonstration projects such as individual development accounts (IDAs) paved the way for publicly funded IDA programs, the SEED initiative seeks to set the stage for a universal, progressive American policy for asset building among children, youth, and families.

Clear Goals: Build Skills, Save for College

SEED expands on the success of IDA programs for adults by targeting the matched savings program to children and by providing opportunities for both parents and children to learn and develop financial skills that have long-term value.

"Financial education – learning how they can make their money work for them, how to develop and manage a household budget, and save – is knowledge that will transfer from parent to child," said Wilson. "In this case, by incorporating such education into the school curriculum in addition to training parents, we build good habits that benefit the entire family."

SEED is unique because the savings goal is clearly set on education. "It is important for both parents and children that college is a stated goal early in a child's life. Such a goal, absent the wherewithal to get sufficient academic and financial preparation, may become yet another unmet goal," said Dory Rand, supervising attorney of the Shriver Center's Community Investment unit. "SEED is an endeavor to connect dreams with opportunities, to make college feasible because parents and students planned for it, not just hoped for it."

To learn more about the Shriver Center's SEED program, contact Nancy Wilson at (312) 368-1073 or nancywilson@povertylaw.org. Visit <http://cfed.org/focus> to learn more about the national SEED initiative.