

# ASSET OPPORTUNITY LADDER

## How policies impact asset building over a lifetime

*All Americans – as family members, workers, and citizens – should be able to envision a secure future and have the opportunity to build the resources necessary to achieve it.*

While the United States is an affluent country, millions of individuals and working families are *asset poor*, a condition that limits their economic security and our prosperity as a nation. Assets are the financial and human capacities that enable individuals to enter into and stay in the economic mainstream. Developing and securing assets promotes individual advancement, as well as strengthening the broader community through shared economic prosperity and social mobility.

The *Asset Opportunity Ladder* charts the many policies that can impact the ability to build assets over a lifetime. At each life stage innovative state and federal policies can aid in creating an asset foundation, strengthening human capacities, and building financial wealth. The ability to strengthen the economic well-being of individuals and communities is especially important in our “new economy”, where change and innovation often produce economic dislocations and uncertainty. Policies that create opportunity help individuals acquire the foundation and tools they need to meet the demands of an ever-changing workplace, and ensure business has the labor force it needs. Maximizing human growth and potential also helps ensure that the community will have informed citizens who are prepared to act on its behalf.

The *Asset Opportunity Ladder* highlights the link between individual achievement and greater economic prosperity and civic engagement. It also illustrates the interrelatedness of factors that contribute to economic mobility and security and the need for an integrated approach to asset development over a lifetime. While policies depicted on the ladder are attributed to certain life stages, many policies have intergenerational relevance and impact. For example, a child’s well-being and development is closely linked to basic resources that parents can provide, and similarly, the capacity to save and invest through adult working years impacts financial security in retirement and the ability to leave a legacy to future generations.

## ASSET OPPORTUNITY LADDER: How policies impact asset building over a lifetime

Life Stages on Opportunity Ladder	Asset building opportunities for families & individuals	Policies that create and preserve an asset foundation	Policies that strengthen human capacities	Policies that build and secure financial wealth	Economic and community benefits
<b>Early Childhood</b>	Solid foundation for healthy and productive future	Child care access and affordability; WIC (infant and child nutrition)	Head Start; Early Development (for special needs); Quality child care; SCHIP (child health care coverage)	Matched saving accounts at birth	Early investments for better health and development for long term achievement
<b>Primary and Secondary School Years</b>	Sound basic education upon which to build to personal skills		Quality education for K-12; Early financial literacy training linked to savings plans; Leadership training	No fee checking and savings for first time accounts	Basic education critical to future ability to contribute to economy & community
	Good health and family stability to maximize learning opportunities	TANF cash assistance, if parent unable to work; School breakfast and lunch programs	Extended SCHIP (health care coverage for older children)		Healthy physical and emotional development to prepare for participation in work & society
<b>Young Adulthood</b>	Work experience to acquire workplace skills	Minimum wage indexed to inflation; No state income tax for very low-income	On-job-training; English as a Second Language (ESL) classes; GED classes & certificate	Direct deposit of pay check; Youth Individual Development Accounts (IDA) (matched savings)	Positive entry into work environment
	Further education to acquire knowledge-based skills for better employment	Work-Study program	Expanded Pell Grants and federal student loans; State student loans programs		Skilled workforce to meet demand for jobs in "New Economy" and informed participation in civic society
<b>Early Parenthood</b>	Meet basic needs of affordable housing, food security, etc.	Food Stamp Program; FEMA fuel assistance; Rental subsidy; Refundable renter tax credit	Financial education to learn budgeting & avoid debt	Link benefit receipt to bank services; Eliminate asset limits for program eligibility; Family Self-Sufficiency (FSS) program	Basic economic security necessary to seek and maintain employment
	Access supports that make it feasible to work and raise a family	Dependent care tax credit; Child care subsidy; Transportation subsidy	Transitional jobs for hard-to-employ; Criminal record expungement for minor offenses	Employer contributions to Social Security/Survivors Benefits	Workers better able to focus on tasks and be productive
	Ability to give children a healthy start and begin investing in their future	EITC for 3 or more children & two-wage earners; Child tax credit; Child support collection; Paid family leave for emergencies; SCHIP	Child development and parenting classes	Matched deposits in state 529 college savings plan; EITC split tax return with direct deposit into savings account; IDA	Begin to invest in well-being of next generation to ensure community and economic growth

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<b>Adult Working Years</b>	Maintain good health and avoid medical debt	Transitional Medicaid when leaving TANF; Medicaid for low-income working parents	Accessible health maintenance care	Tax incentives to save for emergencies	Preventive health care ensure more productive worker, less lost time
	Avoid economic crisis during unemployment & transition periods	TANF cash assistance; Flexible unemployment compensation (UC); COBRA health coverage	Skills training linked to receipt of TANF or UC; Job search, education & training through local Workforce Investment Board (WIB)	Savings withdrawal w/o penalty for emergency; Eliminate asset limits for program eligibility	Maintain community stability as families transition through economic crisis
	Avoid falling off opportunity ladder due to debt		Financial education programs	Anti-predatory lending & consumer protection regulations; Access to standard banks	Wise handling of earnings results in more disposable income for purchases
	Advance to better paying jobs with better benefits	Require employer provided family health insurance plan	Incumbent worker training; Federal/state grants & loans for non-traditional students; TANF support for post-secondary education	Regulation of pensions & 401k; Employer tax credits for matched deposits in 401k;	More qualified worker to meet job demand and higher earnings to invest in economy
	Invest in first home and increase net worth through home equity	Refundable mortgage interest tax deduction; Refundable 1 <sup>st</sup> time homebuyer's tax credit	First time homebuyers classes	Savings from IDA or FSS program; Mortgage assistance programs; Soft second mortgage program	Home ownerships stabilizes community and increases civic participation
	Start own small business	Tax deduction for start-up costs; Small business loan; IDA savings	Training on small business development and business planning	Allowance built into Capital Gains tax	Create new jobs, contribute to tax base, & invest in community
(New immigrants)	Ability to work, provide for family and save	Provision for valid photo I.D. for work & program eligibility	ESL; Citizenship classes	Use of photo I.D. to become banked & pay taxes	Aid new immigrants to be more literate workers, community members, and citizens
<b>Retirement Years</b>	Living comfortably, reaping benefits of earlier asset building investments	Social Security benefits; Payments from IRA, pension, and/or 401k	Continuing Education classes	Graduated Estate Tax	Assist with education of grandchildren; Leave legacy to children; Volunteer in community