

Saving and asset building: An idea that works

SEDI demonstration project *learn\$ave* proves that, with the right incentives and supports, low-income Canadians – even those on income assistance – can and do save for important life goals.

The Social Research and Demonstration Corporation (SRDC) released on November 2, 2010 the final results of *learn\$ave*, a demonstration project developed by SEDI in 2000 to test the effectiveness of [Individual Development Accounts](#) (IDAs) as a tool to promote adult learning and small-business start-ups for low-income Canadians.

Important findings from the project include:

- Matched savings programs can be effective in promoting more regular savings behaviour, asset building, financial integration and life satisfaction among low-income individuals.
- ***learn\$ave* increased educational enrollment by 23%.** A program like *learn\$ave* could be used to encourage a significant number and a variety of low-income, low-asset Canadians to enroll in adult education who would not have done so otherwise.
- Impacts on educational enrollment were widespread and occurred for those who at baseline were at the lowest and highest educational levels. **Some of the largest impacts were recorded among those with the lowest household incomes** (less than \$20,000 a year) and among Canadian-born participants who, in the absence of *learn\$ave*, showed much lower educational enrollment than newcomers to Canada.
- A matched savings program model like *learn\$ave* could be used to increase small business start-ups. The credits in this project **increased the incidence of self-employment by approximately 60%** over what these participants would have done in the absence of *learn\$ave*. Also, positive effects were observed on self-employment duration and income.
- Community based organizations played an important role in reaching the target groups and in supporting participants throughout the process.

“The project outcomes provide important insights for policy-makers and community organizations considering tools and approaches to encourage those on low incomes to set financial goals, increase savings and build financial assets,” said Barbara Gosse, director of saving and asset building initiatives at SEDI. “Through the use of these tools and with these types of supports, low-income and low-asset individuals can raise their own economic expectations, knowledge and participation. They will likely also share their expanded goals and sense of empowerment with their children.”

Results from the project also prove that saving and asset building programs can be viewed as an investment in the effort to assist low-income Canadians to gain higher education and the skills and knowledge necessary for self-employment, which ultimately results in increased labour market attachment. SEDI will utilize the findings from this research to propel its commitments to increase opportunities for low-income Canadians to make their way out of poverty.

To read the full report on *learn\$ave*, please click [here](#).

About *learn\$ave*

The world's largest demonstration project of its kind, *learn\$ave* tested the effectiveness of individual development accounts (IDAs) as a tool to promote adult learning and microenterprise start-ups over a nine- year term. Conceived by SEDI in 2000 and based on the saving and asset building concept pioneered in the United States, this project provided approximately 3,600 participants in the experiment with \$3 for every dollar they saved, up to \$1,500 over a three year period. Participants could therefore accumulate a maximum of \$6,000 to be used for post-secondary education, job training or small business start-ups. The project also provided supports such as financial literacy and personalized case management.

The demonstration project was comprehensively evaluated by the Social Research and Demonstration Corporation (SRDC) who used a range of evaluation methods including randomized experimental design, case study, implementation research and cost analysis. In addition, participant surveys were undertaken at intervals throughout the study.

SEDI is grateful to its ten community partners, financial institution partners, the research partner (SRDC) and the more than 4,800 people who participated in the project for their commitment to ensuring that the project stayed on course, produced reliable data and, most importantly, demonstrated the value of an asset based approach to post-secondary education and self-employment.

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