



Since June 2000, Social and Enterprise Development Innovations (SEDI) has been leading a national demonstration of Individual Development Accounts (IDAs) for learning in Canada. Funded by Human Resources Development Canada, the project brings together experts in the field of social research, Canadian financial institutions and a network of community agencies across Canada in the largest demonstration of its kind in the world. Called **learn\$ave**, the project hopes to show that IDAs for learning can make a difference in the lives of low-income Canadians, helping people quit a cycle of poverty through saving and learning. For more detailed background information on IDAs or **learn\$ave**, please see the project information available on SEDI's website at www.sedi.org.

Project development update

During the first project year, June 2000 to May 2001, SEDI along with its project partners, the Social Research and Demonstration Corporation (SRDC), RBC Royal Bank, and a network of contracted community agencies across Canada, collaborated to design the research and project frameworks for the project. The result is a well-planned demonstration project that includes:

- 10 diverse project sites across Canada, with community agencies in 3 random assignment, or experimental, research sites delivering an identical program and agencies in 7 case study research sites each delivering unique program variations.
- Nearly 5,000 low-income Canadians taking part at the project's peak with eligibility based on family income, assets, age and educational status.
- Participants with **learn\$ave** IDAs will have their savings for education, training or microenterprise development matched at an average of \$3 for every \$1 saved and could build a financial asset worth as much as \$6,000 over 1 to 3 years to invest in an invaluable learning opportunity.
- The evaluation of program implementation and effects, including comparisons of participants in different project groups receiving different levels of service.

The design phase alone has already yielded innovative new products with a potential lifespan well beyond the project. For example, in collaboration with SEDI, RBC Royal Bank has developed a modified savings account and a system to allow accurate and timely data on accounts to be securely transferred to participating agencies so that matching savings credits can be calculated and progress on savings goals can be monitored – a necessary piece of infrastructure for other potential asset-building models. SEDI has also developed a new Management Information System software package that offers significant flexibility in adapting to a range of IDA program designs, a user-friendly interface and seamless integration of information throughout the IDA program, from enrolment to the final withdrawal of IDA savings. Finally, in collaboration with the PLA Centre in Halifax, SEDI has developed a new curriculum for the delivery of financial management training to adults. The curriculum uses the techniques and developmental focus of the Prior Learning and Assessment approach to deliver core information on budgeting, banking, understanding credit and developing savings plans.

Project implementation update

Since June 2001, contracted agencies in Calgary, Winnipeg, Fredericton and the Waterloo Region have been marketing the project in their communities to attract eligible participants. In the remaining sites, Toronto, Halifax, Vancouver, Grey and Bruce Counties, Digby and Annapolis Counties and Montreal, marketing and recruitment efforts began during the fall of 2001. These community partners are relying on a range of marketing techniques to reach low-income Canadians including media, advertisements on public transit, referrals from other service agencies, direct mail campaigns and promotional materials in public spaces.

Like nearly every previous IDA project and like many initiatives to reach the working poor, response to the marketing was initially modest. The reasons for this are unclear but may include the relative novelty of the project and a perception that the value of the savings credits is “too good to be true”. However, according to the most recent available data, as of June 2002 more than 1,000 eligible low-income Canadians have already enrolled in the project. Based on current trends, some case study research sites may reach their full capacity of participants early in the New Year, well ahead of schedule. Awareness of the project is clearly spreading and the most frequent source of new participants is now word of mouth.

Based on the most recent available information from the project MIS¹, participants reflect the range of low-income experience in Canada, including new Canadians, recently unemployed workers, social assistance recipients, self-employed and employed Canadians in lower wage jobs. The majority of project participants are women (63%), between the ages of 21 and 39 (63%) and half (49%) are parents of dependant children. Nearly 23% of current participants identify themselves as a member of a visible minority and 13% speak a first language other than English or French.

Participants are also entering the project with varying degrees of experience in both asset-building and education. Few participants own significant assets when they enter the project – currently only 11% are homeowners, only 17% report they have a savings account and only 4% report they have savings in an RRSP or RESP. Many participants have some amount of post-secondary education – only 25% of current participants have a formal education at or below the level of a high school diploma – however it may not be sufficient for higher income employment and many participants report they have not completed their post-secondary program.

Social Assistance Recipients and **learn\$ave**

According to research in the US, the most low-income IDA participants manage to save as much as other IDA accountholders. And according to the most recent project data, social assistance recipients are among the earliest **learn\$ave** participants. But to take full advantage of IDAs in Canada, social assistance recipients across the country are faced with a patchwork of regulations governing the assets they are allowed to accumulate while maintaining their benefits. For the purpose of this demonstration, SEDI has been successful in obtaining waivers of these regulations, either by way of official correspondence or by way of regulatory changes, in 5 of the 7 provinces with research sites. In Ontario and New Brunswick, where no waivers are in place, participants receiving social assistance must stop building and/or begin withdrawing their **learn\$ave** savings once they reach a regulatory threshold or risk losing their income benefits.

¹ Note: This data excludes the one third of participants randomly assigned to the comparison group in the 3 experimental research sites.

Is it working?

At this early stage in the project, it is far too early to assess the impacts the project is having on participants and their families. But there are positive indications that the project is working as it was intended.

Several hundred participants in the affected project groups have taken part in financial management training courses offered by community partners, including the curriculum developed by SEDI and the PLA Centre. Data from the US suggests a direct relationship between moderate amounts of this type of training and increased savings activity. Anecdotal reports suggest that *learn\$ave* participants find the financial management training useful and meaningful, both for the information it conveys and for the opportunity to learn from peers.

According to the most recent available data, an estimated 64% of current participants are saving for education or skills training in the project and another 36% are saving for opportunities to learn by establishing a small business.² As of the end of April, *learn\$ave* accountholders had saved a total of almost \$100,000 and, with an average match rate of \$3 for every \$1 saved, had earned nearly \$300,000 in matching savings credits that can be used towards an eligible learning goal. The average accountholder had their account for just over 5 months and had increased their account balance by at least \$10 in average of 3 of those months. Average monthly savings in *learn\$ave* accounts were just over \$45.50

Finally, here's a quote from one *learn\$ave* participant about the impact the project has had on her life:

"Because of this opportunity, I was overwhelmed by the limitless choices that I could do. This program has given me hope where I had none before. I can now have my head held high for I can say that in a couple of years I will be able to frame my degree on the wall in my daughter's room to show her that, no matter what hardships follow her, someday her dreams and aspirations can come true."

² Note: The proportion of participants saving for microenterprise is capped project-wide at 20% and will gradually fall to this proportion as the recruitment progresses.

Further information

SEDI is comprised of staff and volunteers working in a charitable and not-for-profit context to promote avenues to self-sufficiency for disadvantaged groups and individuals.

We envision a society where there is an end to barriers that prevent individuals from realizing their full economic and human potential and where social, cultural and economic supports are available to enable people to learn, take risks and participate in the economic mainstream.

SEDI has established ongoing partnerships with more than fifty organizations across Canada and around the world including the United States of America, the United Kingdom and the Russian Federation. Our partners include private sector, public sector and voluntary organizations.



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