

Building Native Communities

SAVING FOR THE FUTURE

Individual Development Accounts (IDAs) for Native Families



Expanding Native Opportunity:
Native IDA Initiative



Building Native Communities

Saving for the Future

This workbook, *Building Native Communities: Saving for the Future*, is a product of the Native IDA Initiative.

The *Native IDA Initiative* is being offered through a partnership between First Nations Development Institute (FNDI), First Nations Oweesta Corporation, and CFED.

The *Native IDA Initiative* is part of a larger initiative of the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury to expand the Native CDFI field. The *Native IDA Initiative* is fully funded by the CDFI Fund.

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First Nations Development is a nonprofit organization that helps Native communities build sound, sustainable economies. First Nations helps community members to identify assets and build models to create and retain wealth in ways that reflect the culture and desires of the people in those communities. The strategy coordinates local grassroots projects with national program and policy development initiatives to build capacity for self-reliant communities. For more information, visit www.firstnations.org.

First Nations Oweesta Corporation as it is today was born of a long-term effort at our affiliate First Nations Development Institute to take a direct role in developing Native assets at the local level in Native communities. While incorporation as a separate entity occurred in 1999, the experience and history of Oweesta reaches back to the mid 1980s. At that time the First Nations Oweesta Program and Fund was envisioned to develop alternative financing access for Native entrepreneurs, homebuyers and tribal businesses by helping to create Native-based financial institutions that would work directly with community members. Investments and technical assistance were offered to these early Native financial institutions to promote their activities.

Since 1999 the Oweesta Program has been known as the First Nations Oweesta Corporation, providing training, technical assistance, investments research and advocacy for the development of Native CDFIs and other support organizations in Native communities. Oweesta's mission is to enhance the capacity of Native tribes, communities and peoples to access, control, create, leverage, utilize and retain financial assets; and to provide appropriate financial capital for Native development efforts.



CFED is a nonprofit organization that expands economic opportunity. We work to ensure that every person can participate in, contribute to, and benefit from the economy by bringing together community practice, public policy, and private markets. We identify promising ideas; test and refine them in communities to find out what works; craft policies and products to help good ideas reach scale; and foster new markets to achieve greater economic impact.

Established in 1979 as the Corporation for Enterprise Development, CFED works nationally and internationally through its offices in Washington, DC; Durham, North Carolina; and San Francisco, California.

The Community Development Financial Institutions Fund (the Fund) was created in 1994 to promote economic revitalization and community development by investing in and assisting community development financial institutions (CDFIs). The Fund achieves its purpose by promoting access to capital and local economic growth in the following ways: 1) through its CDFI Program by directly investing in, supporting, and training CDFIs that provide loans, investments, financial services, and technical assistance to underserved communities; 2) through its New Markets Tax Credit Program by allocating tax credits to community development entities, which enable them to attract investment from the private-sector and then reinvest in low-income communities; 3) through its Bank Enterprise Award Program by providing an incentive to banks to invest in their communities and other CDFIs; and 4) through its Native Initiatives by providing financial assistance, technical assistance, and training to Native CDFIs and other Native entities proposing to become or create Native CDFIs. The Fund has made \$729 million in awards to community development organizations and financial institutions.



Building Native Communities



Saving for the Future

Individual Development Accounts (IDAs)
for Native Families



This workbook, *Building Native Communities: Saving for the Future – Individual Development Accounts (IDAs) for Native Families*, was authored by Sarah Dewees, Director of Research, First Nations Development Institute. The workbook is a product of the *Native IDA Initiative* offered through a partnership between First Nations Development Institute, First Nations Oweesta Corporation and CFED. The *Native IDA Initiative* is fully funded by the CDFI Fund of the U.S. Department of the Treasury.

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The Elements of Development circle—or Asset Circle—was first defined in 1980 and developed through the first decade of work by FNDI and from the culture and value system of Native people. The 16 elements were later outlined in a 1994 publication for the Richard Schramm Paper on Community Development and have been used by FNDI's grantmaking and research team throughout its history. The circle and its derivations in all publications of the Native IDA Initiative remain the copyright of FNDI.

Disclaimer

All names and examples provided in this workbook are fictional, except where otherwise noted. Any resemblance to actual individuals or their financial situations are coincidental.

This workbook is only meant to be used as guidance and should not be relied on as legal or tax advice. Please seek the counsel of a qualified attorney or tax professional for further assistance.

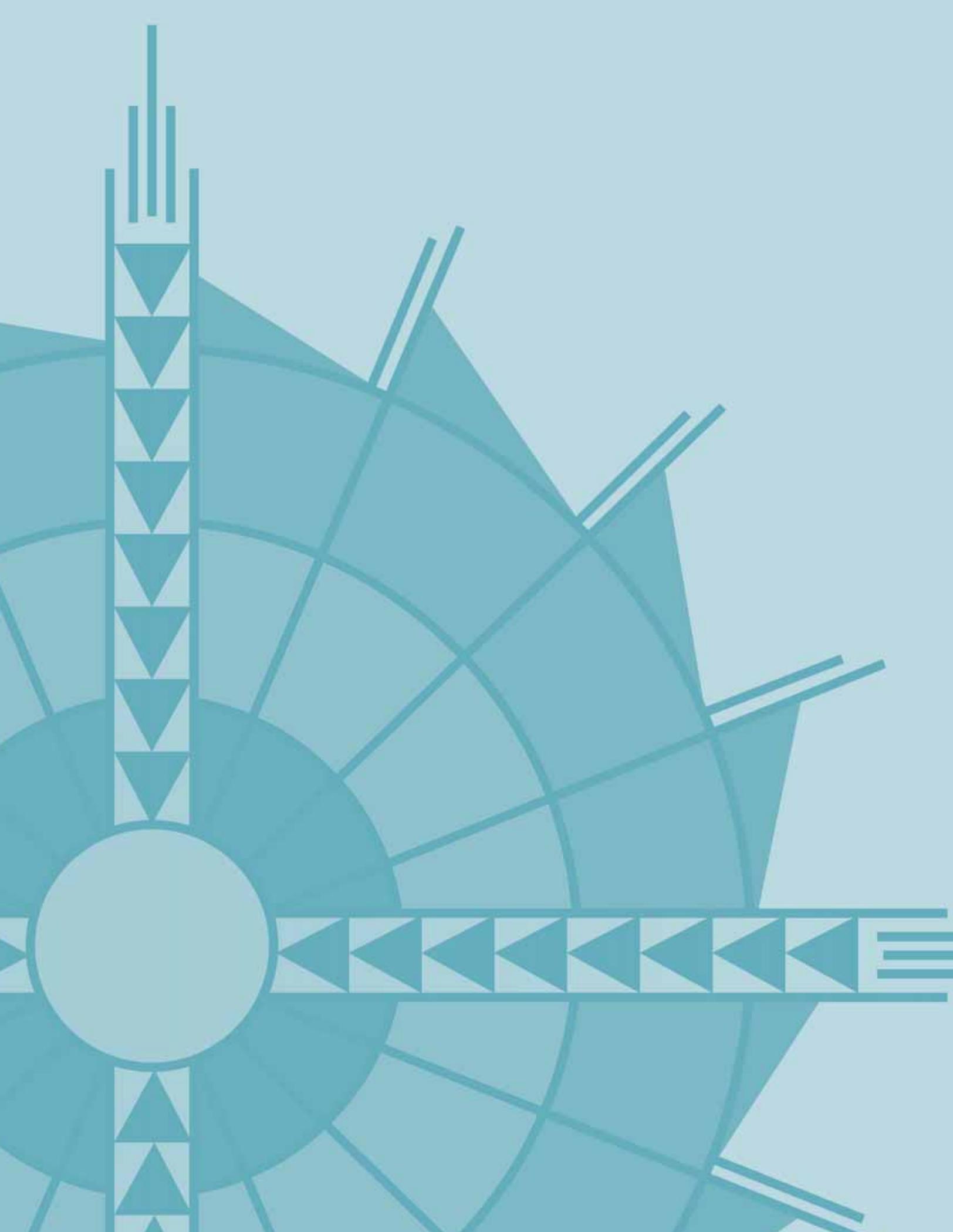
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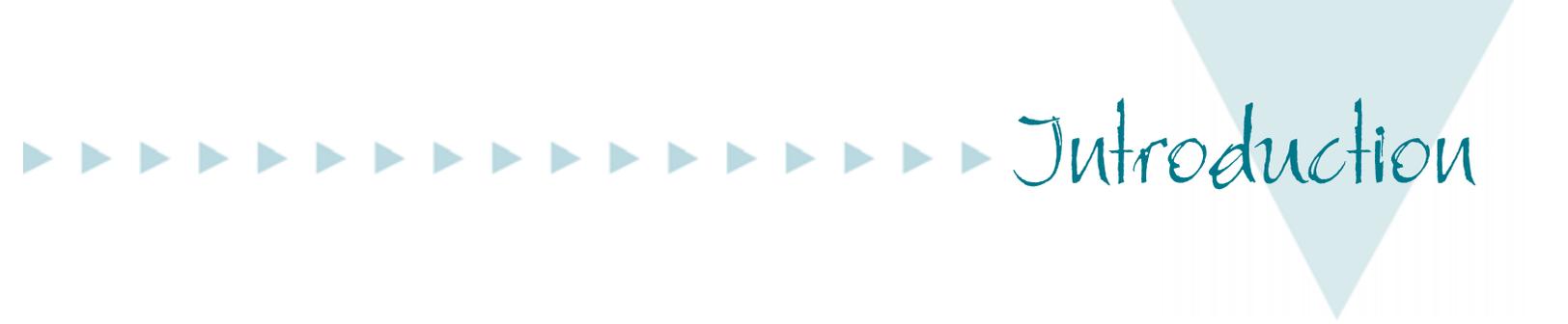
To obtain additional copies of this workbook or for more information about training opportunities for instructors, please contact First Nations Development Institute at 540-371-5615 or info@firstnations.org.



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Introduction

Congratulations! If you are holding this workbook you are taking an important step towards achieving your savings goals. By achieving your savings goals, you will also be helping your family, your community, and your nation.

You are probably holding this book because you have signed up for an Individual Development Account, also known as an IDA. Or maybe you are still deciding whether you want to sign up for an IDA. This book will take you through a series of steps, and by the time you have finished the workbook, you will:

- Understand how to use an IDA to achieve your savings goals
- Understand how IDAs help you support your family
- Understand how an IDA can help you support your local economy
- Be able to decide what type of IDA you wish to save in
- Be able to use an IDA to support your personal goals into the future

This workbook is designed to be interactive, and there are many opportunities for you to participate in exercises and ask and answer questions.

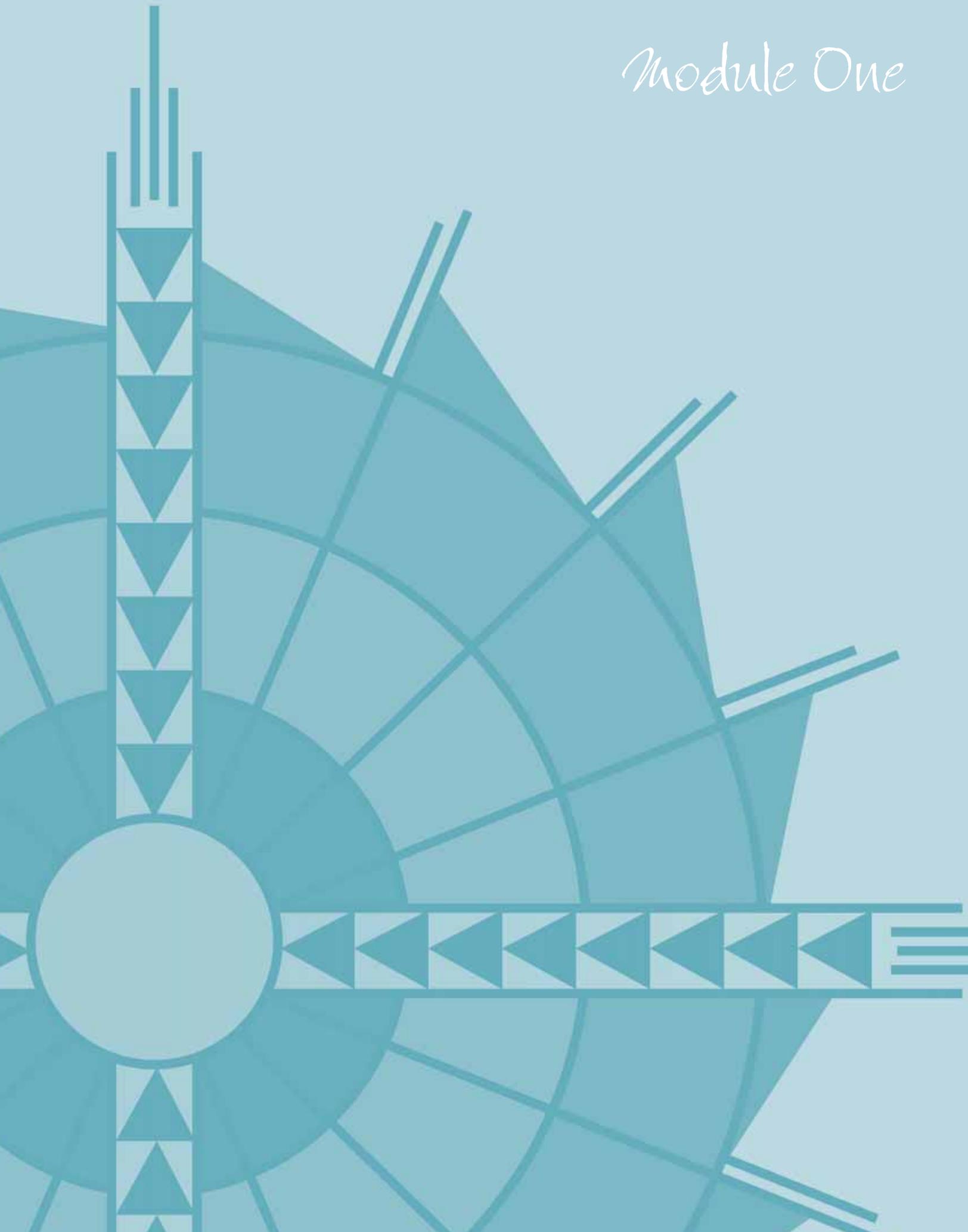
This workbook is also designed to be used with the *Building Native Communities: Financial Skills for Families* financial education workbook. Ask your Individual Development Account coordinator for information about this financial education workbook or other financial education resources you can use in your Individual Development Account savings program.

So let's get started. Write your name in the space below and make a commitment now to begin investing in assets for the future—assets that will help you, your family, and your community for years to come.

I, _____

commit myself to save for assets for the future.

Module One





Saving for the Future



Objectives

This module is designed to provide you with an overview of historical Native economies and traditional savings patterns. You will also have a chance to think about your attitudes towards money management.

By completing this module, you will ...

- Learn about traditional Native economies and savings customs
- Think about your values and how they relate to money management



Traditional Economies: Did You Know?

Indian people have been involved in complex economies for centuries. Throughout history, Indian tribes bartered, traded, or bought and sold goods with one another. Tribes that specialized in certain types of artwork, or produced certain food crops, traded with other tribes for goods and services.

Traditional Native economies included extensive trade networks that crisscrossed the continent. For example, sea shells native to the Gulf of Mexico have been found thousands of miles away. This helps us trace trade between tribes for goods and services. Other items, such as shells from the southeastern Atlantic and the Gulf of California have been found very far from where they were harvested. Southwest tribes traded turquoise, jewelry, and masks they had made with people in Central America for Macaw birds, feathers, and copper bells. They also traded with people from the Gulf of California for shells. Other minerals and materials have been found far from their point of production including copper from the Great Lakes region and Rocky Mountain obsidian. Many times these items had been made into ceremonial and luxury items.

DID YOU KNOW?

Wampum is a manufactured belt of seashells, and was used by many tribes in pre-contact times and after, and later was used by Europeans as money to buy and sell goods. Wampum was produced by Indians in Long Island, Connecticut, and Rhode Island, and later White traders took wampum in trade and traded it with inland and northern Indians for furs. Wampum was used regularly for years after that, and it is reported that wampum was even used for a time to pay tuition at Harvard.



Chippewa wampum belt

Here is an example of a traditional economy:

In California, the Shasta Indians historically traded obsidian, deerskins, and sugar-pine nuts with their neighbors the Karuk and Wintu. From the Karuk they received dentalia shells (used as money), salt or seaweed, baskets, canoes and tan-oak acorns. The Shasta also conducted inter-village trade with other Shastans, and with other neighboring tribes. Goods that they traded include: buckskins, dentalia, pine nuts, obsidian and obsidian blades, wolf skins, juniper beads, woodpecker scalps, white deer skins, and flint blades. From their trading partners they received obsidian, pine nut necklaces, dentalia, acorns, shells, pepperwood gourds, and baskets.



Tlingit cape made out of dentalia shells.

DID YOU KNOW?

Dentalia is a shell that can be found in only one place in the entire world, off the west coast of Vancouver Island, in Canada. Harvested from Vancouver Island, it was used as a medium for trade, like money. Tribes all down the west coast of North America, including tribes in Washington State, Oregon, and California used dentalia as a form of currency. Dentalia was personal property that was highly valued and traded by many Indians. Many tribes and non-Indians used dentalia exactly as we use money today, to buy goods and services. The Yurok tribe in California bought tobacco with dentalia shells, and the Chinooks, Kalapuyans, Siuslawans, Coosans, and Tillamooks of Oregon and Salish all used dentalia as money. Hupa men would wear Elkhorn purses to carry their ornately carved dentalia shell money.

EXERCISE: YOUR HISTORICAL ECONOMY

What were the goods and services your tribe was known for?

What was the historical economy of your community before Western money was introduced?

Does your community still practice any traditional forms of bartering or trading?



▶ ▶ ▶ ▶ Traditional Forms of Money: Did You Know?

Historically, many Native people and tribes used money as a medium of exchange and trade in addition to a traditional barter system. In various parts of the United States, Native people used a variety of valued items, such as money or currency to transact business with other Indians and later Europeans. Items included wampum (manufactured belts of seashells), beads, turquoise, dentalia shells, and deerskins. Coastal Indians in New England even engaged in money lending and used these tribal “currencies” by loaning them out at interest.

Various tribes also used accumulated wealth in these currencies to buy goods to give to the poor, settle disputes, and even atone for criminal acts. Cherokees held ceremonies where gifts of wampum and silver would be divided for the poor and to pay the performing musicians. Tlingits used currency to settle disputes, buy clothes, and pay for food and shelter. Californian Pomo Indians used currency to buy acorns, fish, and other necessities from other communities. Tillamook and Salish Indians settled inter-community disputes by arbitration and monetary payments.

EXERCISE: TRADITIONAL FORMS OF MONEY

Do you know what traditional forms of money your community used?

How did your tribe acquire goods and services from other tribes?

“On the question of assets: Once Native people owned the whole state, we had gold, fish, and timber. Then outsiders brought in education, health care, and – dependency. We need to move from dependency to self-determination and self-sufficiency.”

– Community member, Native Village of Barrow, Alaska

▶ ▶ ▶ Planning and Saving for the Future

Most Native economies historically involved some saving and planning for the future. Whether it was saving up dentalia shells to purchase jewelry, or saving food and other resources for a potlatch, giveaway, feast, or other ceremony, Native communities have always understood the importance of saving for the future.

Native people have traditionally demonstrated tremendous skill in managing resources and building assets to support the community on an ongoing basis. For years, Native people have understood and practiced the present-day concepts of budgeting and savings, and have invested in growing assets for Native families and communities. Native communities managed resources by budgeting so that they lasted throughout the year. Communities put aside savings for future use, saving resources, like money, in the short term, so they could build assets in the long term.

Consider the planning done by the Canadian Bands, the Nit Nat and Sooke, when they prepared for one of their women to marry. They saved for a year to provide a feast and gifts to all the guests at the ceremony. Traditionally, gifts included blankets, canoes, dried fish, and many kinds of animal skins. If the woman's family was high status, the man's family/community provided them with a number of canoes to demonstrate that they could take care of her. These canoes were assets that could be used to gather more fish and provide transportation to participate in trading. The wedding ceremony required a lot of preparation and planning, and always included gifts that helped a family start off with assets to help ensure a prosperous future.

Budgeting and savings are core skills that enable individuals and families to contribute to the economy. Spending these savings on assets for the future ensure that these resources are “spent” in a way that promotes family well-being and security. In today's economy, having these skills allows you to make informed financial decisions. Native people have successfully practiced resource management skills for generations. Now we call upon their example to strengthen our own abilities.



“Saving is very traditional. When you had a potlatch, the first step was accumulation. You had to accumulate before you could demonstrate wealth by giving things away. Learning to save money is like that, learning to control your finances so you have money to support your family or your community.”

– Community member, Baranof Island

▶ ▶ ▶ Native Strategies of Savings and Asset Building

Native communities have continuously demonstrated skills in managing resources for both present and future needs, as well as adapting and using new ideas to stay self-reliant.

Native people saved to acquire goods that they could not produce themselves. By producing more than the community needed, they had goods to trade. For instance, the Northwest Coastal Indians traded a wide variety of products, including smoked or dried fish, venison, as well as tools made from elk, deer, fish, or other indigenous animals.

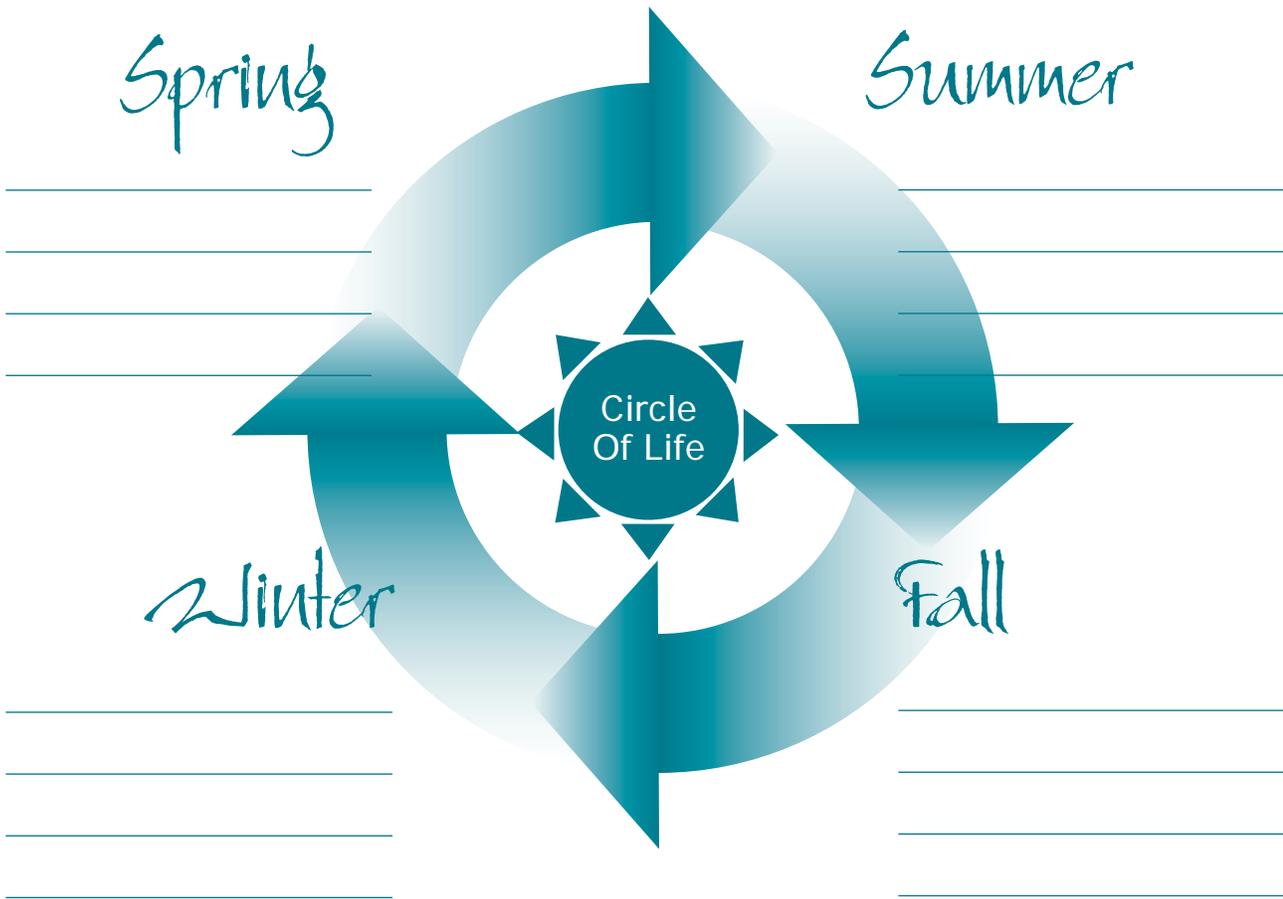
Think back to your great-great-grandparent's generation and think about what happened during the four seasons using the Circle of Life exercise.

On the next page, you will find the Circle of Life exercise, with questions for you to think about and answer.



Next complete the Circle of Life exercise using present-day activities within your communities:

- What activities are happening throughout the four seasons?
- Are resources being saved for present or future use; if so how?
- Are goods still being saved for bartering?





▶ ▶ ▶ Your Values

It is hard to manage money well unless you know your values. Your values are your own sense of how to act in a way that is right or good. Values are the beliefs that make up who you are.

Here are some examples of things people value:

- Family and friends
- Cultural heritage and traditions
- Elders
- Land
- Generosity
- Creativity
- Education
- Honesty
- Loyalty
- Order, organization, and cleanliness
- Spiritual life

What are your own values? What do you value? List the three things you value the most.

▶ ▶ ▶ Your Values and Money Management

What do your values have to do with managing money? Just about everything. Your values are the guideposts in everything you do—including setting your financial goals. As an individual or as a family, you will be more successful if your financial management plan is based on your values. Take homeownership, if this is one of your goals, how does owning a home fit in with and enhance your values?

▶ ▶ ▶ Attitudes Towards Money

Many people have mixed feelings and ideas about money. Confusion about money can lead to bad money management. In fact, conflicting ideas about money can be one major obstacle in learning to manage money. You may have been told you should save every penny you have, and at the same time you may feel pressure to lend or give money to friends and family members. You may have learned that it is important to put money away for a rainy day, but then you may have family members in need and want to help them. Your culture may value generosity and sharing over displays of personal wealth, but you may also feel pressure to buy a new car or own an expensive stereo system. Sometimes we feel unable to take control of our money. It may feel like, “easy come, easy go.”

In most families, people grow up with little experience managing money, whether it be saving, budgeting, or investing. Those of us who have grown up without money may have mixed feelings about it. All of these conflicting ideas can lead to bad money management habits. These feelings can be confusing and lead to feelings of unhappiness.

To overcome the confusion, it helps to think about our attitudes towards money.



EXERCISE: MY MONEY BELIEFS

Everyone's ideas about money have been learned. Try writing down some of the money beliefs you were raised with. Then jot down who taught you each idea.

IDEA	PERSON WHO TAUGHT ME THIS IDEA
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

EXERCISE: FINDING NEW ATTITUDES ABOUT MONEY

Go back to your list of money beliefs. Check those that you think may be holding you back. By yourself or with a partner, think of ways to change those beliefs or attitudes. Write these ideas below.

Wants and Needs

You have had some time to think about your values, and how they relate to money management. Now you can start thinking about saving your money. One of the most difficult parts of learning to save your money is learning to distinguish between wants and needs. How do you decide what is a “want” and what is a “need?” Usually a “need” is something you need to have to survive, like food, a home, and medical care. A “want” is something you would like to have, but it is not necessary to survive. An example might be a new car, a stereo, or a new cell phone.

A good way to think about wants and needs is to think about food. If you did not eat any food for a long time, you would get very sick and eventually die. But not all food is a “need.” Something like cake, or a candy bar, is more of a “want” than a “need.”

Once you can decide what you “want” and what you “need” to live your life, you can probably save a lot of money by not spending it on things that you can live without. Any money that you can avoid spending, you can save up to accomplish your goals.

EXERCISE: WANTS AND NEEDS

Think for a minute about several things you are planning to spend money on in the next year. Write them here:

Now separate these into two categories:

WANTS

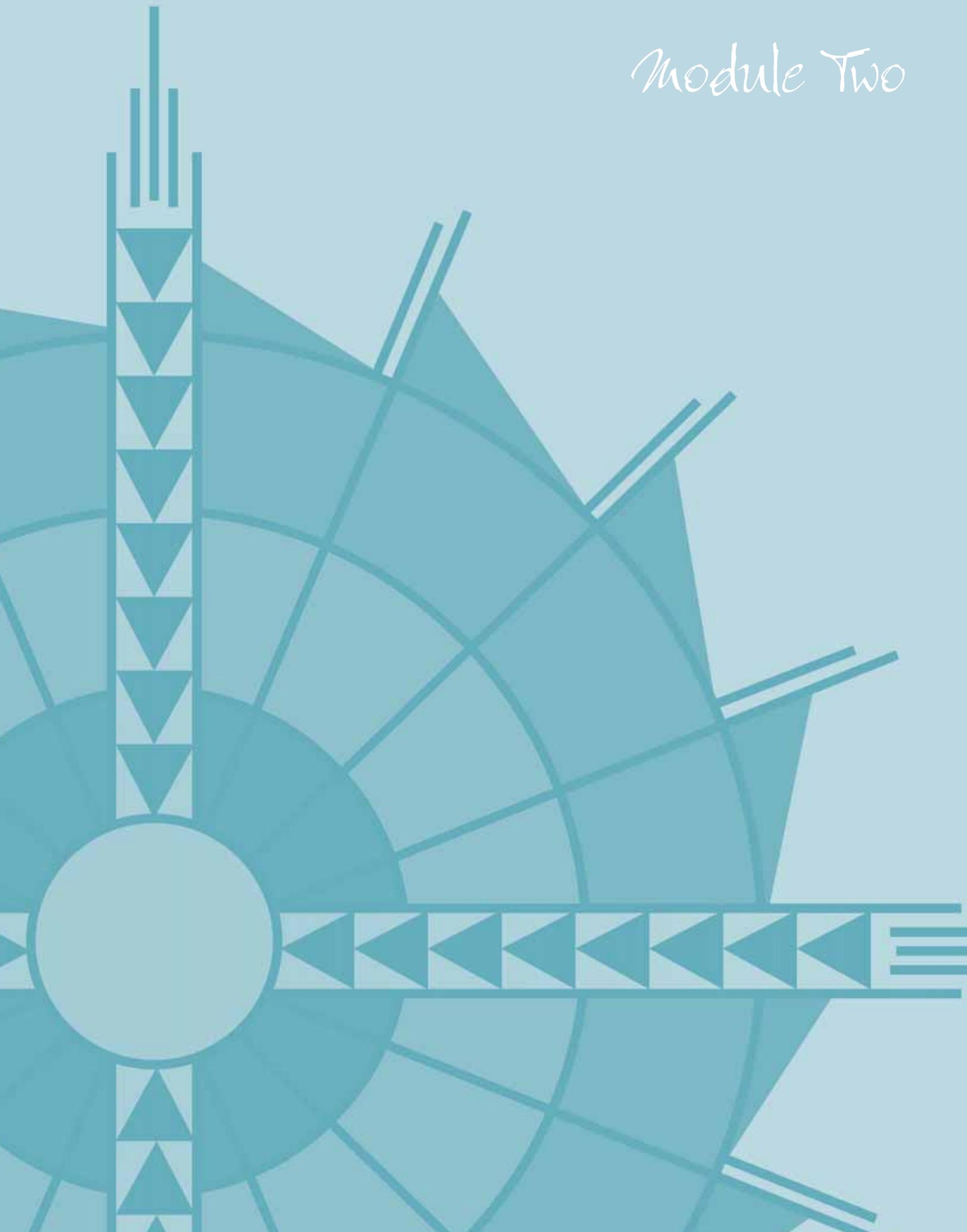
NEEDS

<hr/>	<hr/>
<hr/>	<hr/>

Conclusion

Now that we have had a chance to learn about historical Native economies, and think about our values and how they relate to money management, let's move on to learning more about Individual Development Accounts. In the next chapter, we will discuss Individual Development Accounts and also learn more about assets and how they can help us accomplish our life goals.

Module Two



Assets in Native Communities

Objectives

This module is designed to provide you with an introduction to Individual Development Accounts and assets in Native communities.

By completing this module, you will ...

- Be introduced to the concept of an Individual Development Account, or IDA
- Understand what assets are
- Know the difference between income and assets
- Understand how assets can help you and your family
- Understand how assets can help your community

Assets in Native Communities

In the last chapter we learned about traditional economies and how our ancestors have always planned and saved for the future. In this chapter, we will learn more about Individual Development Accounts, and how IDAs can help you save money. We will also learn more about what assets are, and how saving money to buy assets can help bring us financial stability in our future.

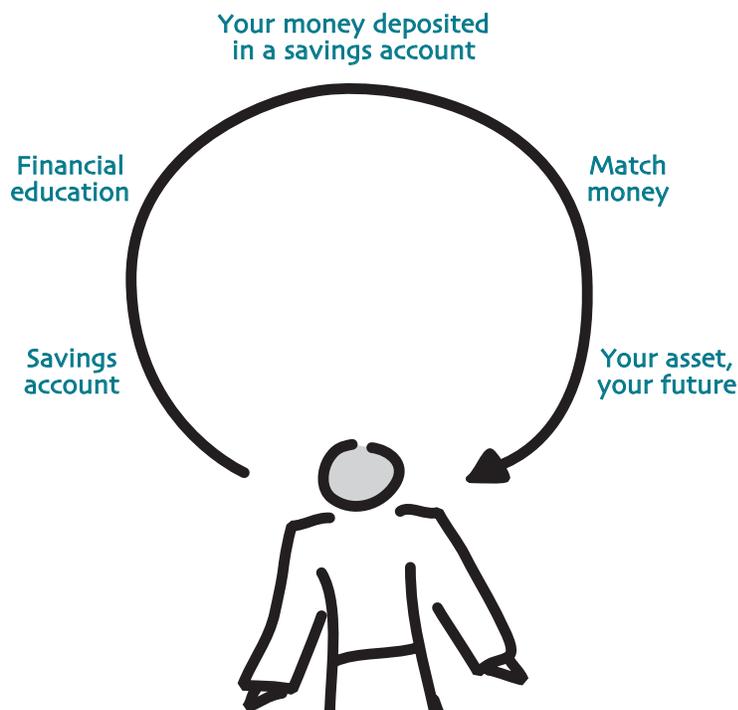
What is an Individual Development Account?

An Individual Development Account is a matched savings account designed to help families and individuals save for things that will help them build their futures. “Matched savings account” means that for every dollar an IDA participant saves, the program will match that amount with additional money paid toward an asset goal. For example, if the match rate is \$1.00 for every \$1.00 saved (also known as a 1:1 match rate), for every \$1.00 you save, the IDA program will match it by providing \$1.00 towards your designated asset purchase. For example, if you save \$25.00 per month for one year, that would equal \$300 (\$25 X 12 months) plus \$300 in match money for a total of \$600 at the end of the year. In order to earn the savings match, you usually have to make a deposit every month, take financial education classes, and learn to budget and save.



As part of your IDA, you will discuss with the staff what you are saving *for*. The unique thing about an IDA is that it is designed to help people build assets, that is, to help people save for things that will help them and their families far into the future. Some programs encourage you to save money to buy a new home, start a business, or go back to school. Other programs let you use your savings to repair your existing home, or buy a car to get to work, or some other type of savings goal. Your asset goal is determined by you and your IDA program staff. You may also be asked to take classes to learn about buying a home, starting a business, going back to school, or some other asset-building goal.

At the end of a year, or two, or three (different programs have different lengths of time you can save), you will have a lump sum of money that you can spend on an asset-building purchase – you can spend it either as a down payment on a home, to purchase equipment for a business, or for some other asset related purchase. When you are finished saving, and have earned your match money, you will have money that you can invest in buying your identified asset, which is also an investment in your future.



▶▶▶ What Are Assets?

We have talked about how our ancestors saved through the seasons. People save for different reasons. You can save up to pay for events, such as a ceremony or celebration, or you can save for things, like a new home or equipment to start a business. Assets aren't just anything you buy, however. Assets have *lasting value*.

ASSETS ARE SAVINGS THAT ...	EXAMPLE
Help you and your family over the long term, not just this year	If you save up your money and get your college degree in accounting and finance, you will be able to work in the accounting office at the housing authority and start earning a good salary to help you and your family achieve your goals and dreams.
Can increase in value over time	If you start a small carpet installation business today, and it does well, that business will be worth some money in the future. It will also allow you to use the profits to purchase other assets like a home or education for you and your family.
Help you build equity	If you buy a home today, and begin to pay it off, the amount of money you pay toward the mortgage plus the increase in value of the home from the time you purchased it is your equity. If you pay your mortgage off in 15 or 30 years, you will have built equity – you will own that home in full and be able to use it as an investment against which you can borrow money. ¹ Equity is the difference between what you owe on your house and what the house is currently worth. For example, if the house is valued at \$70,000 and you still owe \$60,000, the equity is \$10,000 which is 14% of the house value. Equity is like cash in the bank. You can use equity at any time to borrow additional money or to pay off expenses.
Can give you and your family financial stability	If you save your money to pay off debts or buy a reliable car, your financial situation will improve and you will have a reliable means of getting to work. If you save money and start your own business, you have a steady source of income for you and your family.

¹It is important to note that if your house is on reservation trust land, you will not own the land at the end of 15 years, but will only own the home. Talk to your IDA coordinator to find out more about homeownership options on your reservation.



EXERCISE: WHAT IS AN ASSET?

Which of the following are assets you might invest in for the future, and which are not? Be sure to discuss in your group why you do or do not consider it an asset. How does it or doesn't it help you and your family over the long term?

YOU SPEND MONEY ON:	IS IT AN INVESTMENT IN ASSETS FOR THE FUTURE?	WHY OR WHY NOT?	HOW DOES THIS INVESTMENT HELP OR NOT HELP YOU AND YOUR FAMILY, OVER THE LONG TERM?
Some beads and other supplies for your jewelry business	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		
A new outfit for the baby	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		
A carpet edger for your new flooring business	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		
A bigger TV – you only have a 19-inch and you want a new flat screen TV!	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		
A down payment on a new home	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		
A new Jeep Cherokee Classic SUV	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		
Two more semesters at the tribal college to finish your business degree	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		
A sewing machine for your quilting business	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		

YOU SPEND MONEY ON:	IS IT AN INVESTMENT IN ASSETS FOR THE FUTURE?	WHY OR WHY NOT?	HOW DOES THIS INVESTMENT HELP OR NOT HELP YOU AND YOUR FAMILY, OVER THE LONG TERM?
Steel-toed work boots	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		
The new Star Wars 6 DVD movie set	<input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> maybe		

▶▶▶ Investing in Your Future

What are investments? According to the dictionary, an investment is “property or another possession acquired for future income or benefit.” Basically, an investment is something you spend money, time, or other resources on because you hope it will pay off in the future. It is all about thinking ahead, and hoping that something you do today will help you or your family several years from now. Saving in an Individual Development Account is an investment in your future because you are saving money today that will help you accomplish financial goals many months from now. Hopefully this savings will help you and your family many years into the future!

Not only can assets help you and your family, but they also help your community. When more local businesses are owned by Native people in your community, and money is spent in these businesses, the local economy prospers. When more people own their own homes, the local economy prospers. When more members of your nation are educated, there will be more tribal members working in leadership roles in the local government, and more members in supervisory and managerial level positions in local tribal enterprises, helping to direct the future of your nation.

*“Income may feed people’s stomachs,
but assets change their heads.”*

– Michael Sherraden, author of *Assets and the Poor: A New American Welfare Strategy*

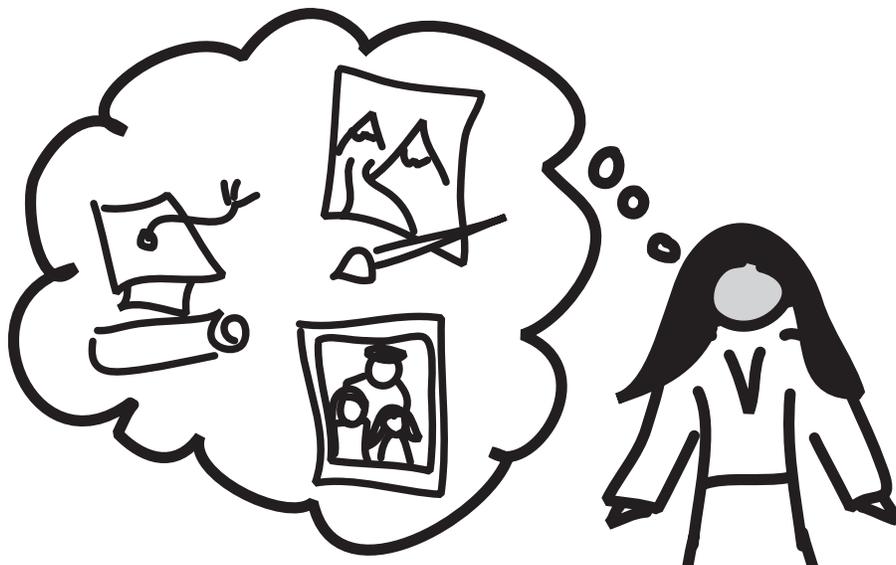


▶▶▶▶ Personal Assets

So far, we have only talked about financial assets and assets that bring us financial security. However, there are many different types of assets. Many people have personal assets, such as artistic talent, musical ability, or a particular skill. Some people are good carpenters, others are good at math, and some people are very organized. Others consider their families, or their knowledge of their heritage, to be an important asset.

Investing in yourself with further education, professional development training, or even learning about your culture from elders in your community, are all ways of investing in your own human assets. Your human assets are things you will always have – housing prices may drop, businesses may go belly up, but you will always be thankful that you dedicated time and resources to yourself and your family by developing personal skills, cultural skills, or furthering your education.

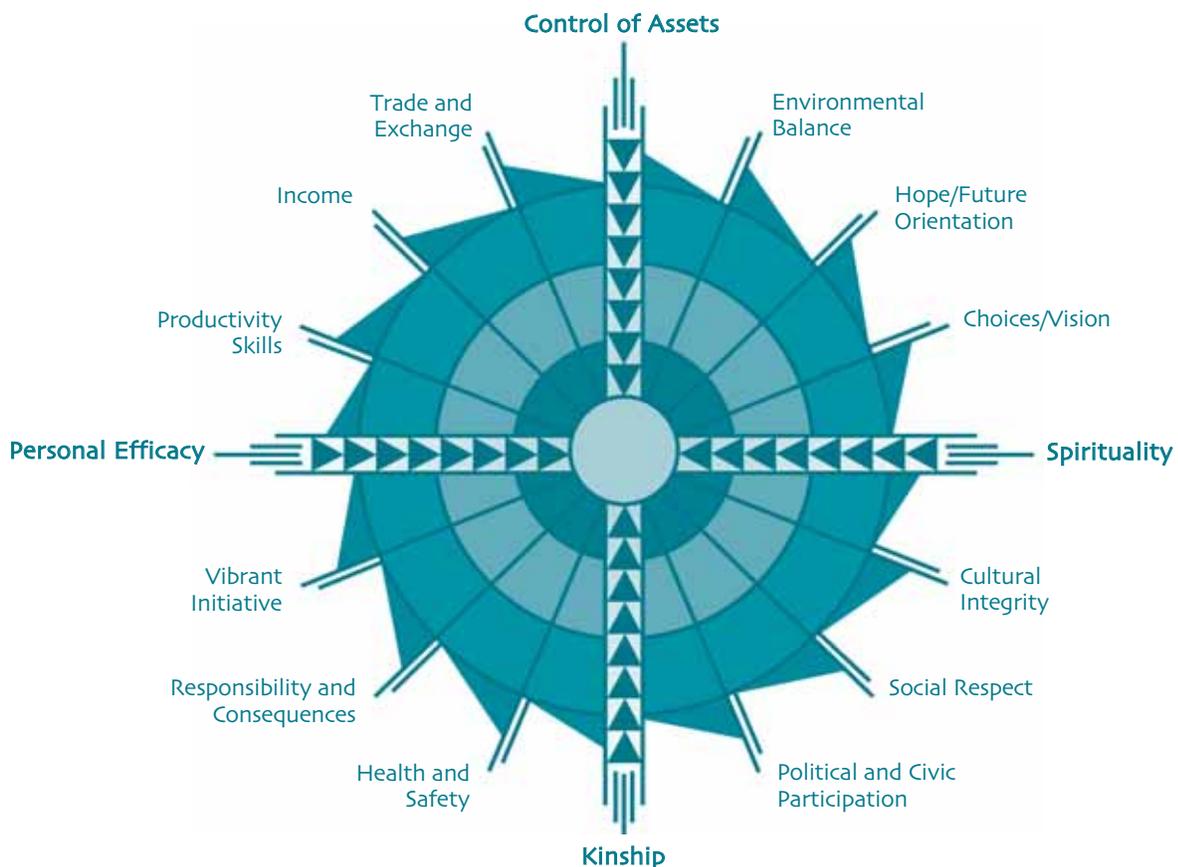
Take a moment to write down on this worksheet what you consider to be your personal assets:



▶ ▶ ▶ Native Asset Circle

Native peoples have always had a holistic view of community resources. They acknowledge family, tradition, land, and so forth as resources of value. These resources are seen as assets. In other words, Native people view assets as something of value. These resources—or assets—are not typically valued based on financial gain alone.

First Nations Development Institute created the following illustration to describe the different assets that are present in Native communities. Each of these assets is important and is linked to economic development. Only one quadrant of the Native Asset Circle is dedicated to income, productivity, or trade and exchange. The Asset Circle also highlights the importance of the environment, family, and spirituality. Looking at the Native Asset Circle, think about what other assets are important to your community. Use the worksheet on the next page to describe what you think are the most important assets in your community.



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EXERCISE: COMMUNITY ASSET MAPPING

Think about the different types of assets in your community. Draw an “asset map” of your community. Share your map with others, and compare notes. What are the most common assets listed? What surprises you that you see on other’s asset maps?

MY COMMUNITY ASSET MAP



“The role of assets, and the history of asset ownership in Native communities, is different from any other low-income community. Native American tribes and individuals technically own many assets, including land, but often do not control these assets and thus do not reap the benefits. Asset-building policy in Native communities thus must have a dual focus: assisting tribal nations in controlling and building their assets, and assisting tribal members with individual asset building to support their families and communities.”

– Rebecca Adamson, Founder, First Nations Development Institute

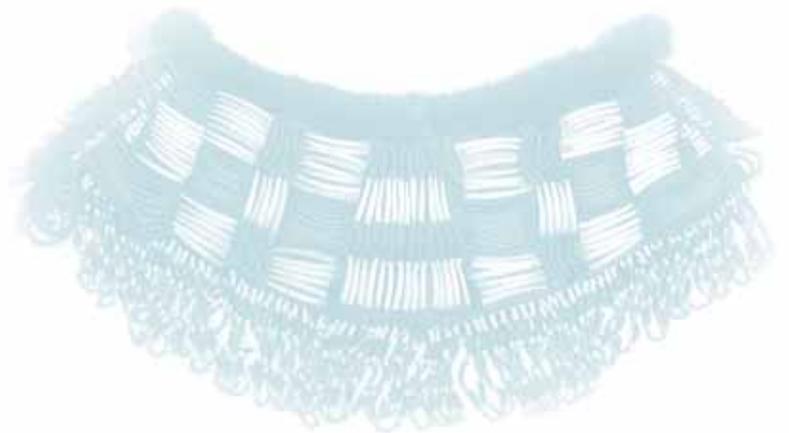
▶ ▶ ▶ ▶ **Income Versus Assets**

In order to survive and prosper, most of us need to have income from some source. Income is the total money you receive from all sources – your job, your small business, your tax return, and your per capita payment if your tribe offers such payments. Ideally, we will have a job that helps us meet our basic needs and have some money left over for other things. Income can be used to pay for your expenses, and also to pay off debt. Income can also be used to build your assets. By using your income to invest in assets, you are investing in the future, and making sure that you will continue to have financial security for you, your family, and the next generation.

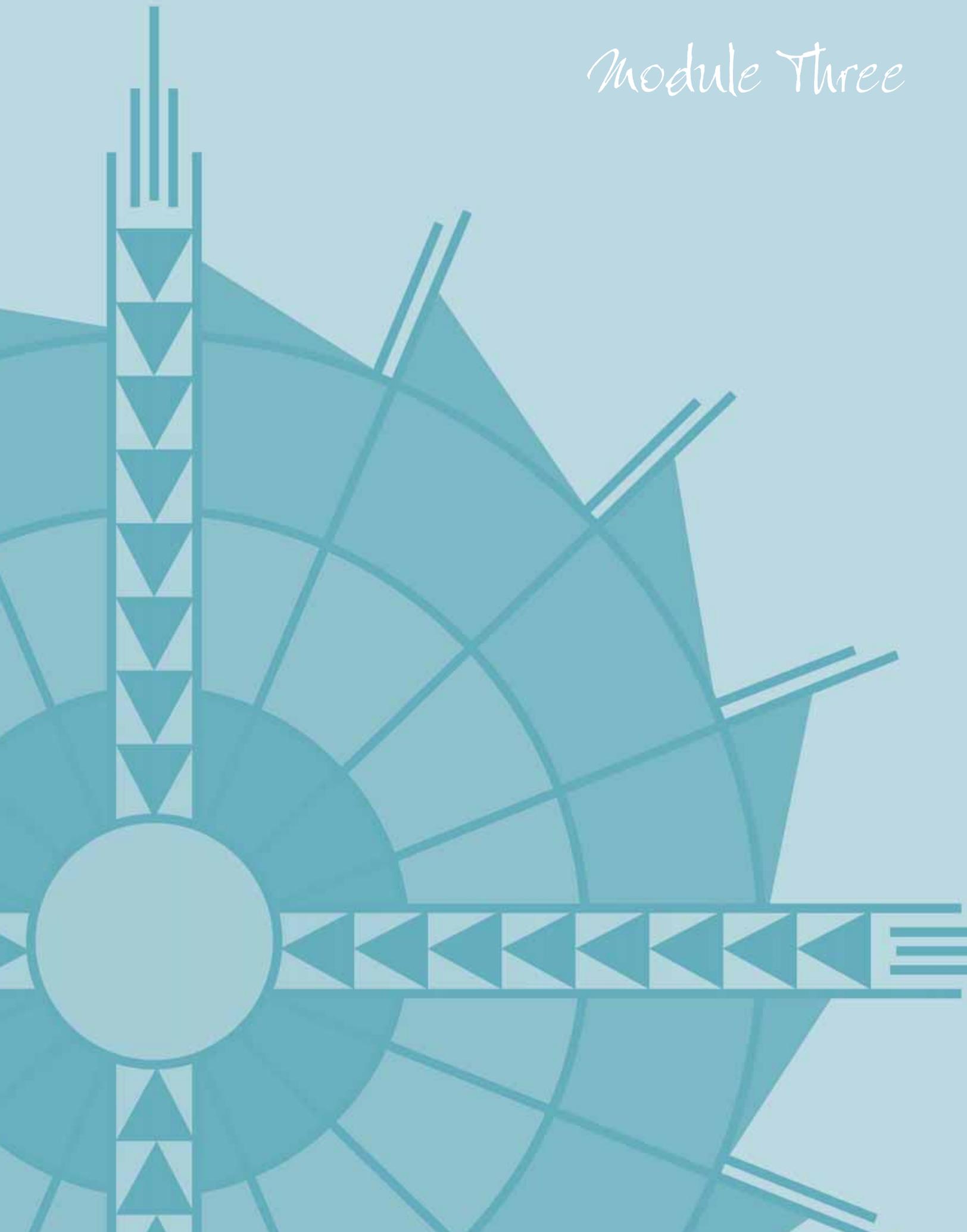
But it is important to also remember that income can be used to get yourself into debt. We are all tempted by credit cards, “Rent to Own” stores, and payday lenders. Saving in an Individual Development Account is all about learning to save our income so we do not have to go into debt to get the things we need and want. Learning to manage your income is the first step in gaining assets.

▶ ▶ ▶ Conclusion

In this chapter, we have learned about Individual Development Accounts, and learned more about what assets are. We have even learned the difference between income and assets. In the next chapter, we will learn more about how to define our savings goals, and think about how IDAs can help us save to achieve our hopes and dreams.



Module Three





▶ ▶ ▶ ▶ Identifying Your Hopes and Dreams

As discussed in the last chapter, an IDA program helps you save towards a goal that builds assets. The first step in this process is defining your savings goals.

Most of us have hopes and dreams for the future. Maybe we want to repair our home, or buy a new home, or start a small business, or enroll in education classes. Take a moment and think about some of your hopes and dreams for the future. If you have a family, think about what you want for them. When you have collected your thoughts, take a minute and write down your dreams:

Within three months, I want:

Within one year, I want:

Within five years, I want:

Many years from now, I want:

Now think about your hopes and dreams in relation to your family and your community.

	FOR ME	FOR MY FAMILY	FOR MY COMMUNITY
Within three months, I want			
Within one year, I want			
Within five years, I want			
In many years, I want			



Our biggest expenses will be in our future: weddings, retirement, sending kids to college, or caring for an aging parent. The key to being ready for these life events is planning.



Planning for Life Events

No matter where you are in your life, or what age you are, you can expect to have certain things happen to you. If we are young, there are certain life events we can expect, such as having children, starting a new job, and perhaps going to college. If we are older, we may want to plan for retirement, help with our children's wedding, or help them go to college. Take a moment to look over the following list of life events:

- Having a baby
- Getting married
- Getting more education
- Starting a business
- Getting a new job
- Losing a job
- Buying a home
- Getting sick or experiencing an illness
- Sending a child to college
- Retirement

Our biggest expenses will be in our future: weddings, retirement, sending kids to college, or caring for an aging parent. What life events do you think will happen to you in the next five years? In the next 10 years? In the next 20 years? Write them here:

5 years _____

10 years _____

20 years _____

The key to being ready for these life events is planning. If we don't plan for these events, we may not have enough money to pay for them, or we may have to go into debt. Assets can help us achieve financial stability and be more prepared for life events. By investing in assets, such as a home or a business, we are more likely to experience financial security and have the resources to pay for life events in the future.

▶ ▶ ▶ Assets for the Future

Now take a moment and think about how your hopes and dreams can become investments in your future.

EXERCISE: ASSETS FOR THE FUTURE

Think for a minute and write down some assets you would like to save for, to invest in your future and your family's future.

I want to save for...

1. How are these things assets?

2. How do you think it would improve the quality of life for you and your family?

3. How do you think they would help you and your family invest in the future?



▶ ▶ ▶ ▶ How Do You Turn Your Dreams into a Savings Plan?

It is one thing to have a dream. It is another thing to have a plan to turn your dreams into reality. Coming up with a plan to save for your dreams takes quite a bit of work. You need to set goals. Goals are statements of what you want to achieve. Goals can help you achieve your dreams.

Use the following exercise to set some WISE goals. A WISE goal requires you to identify:

- **W**hat you are saving for
- **I**nvestment you need
- **S**avings plans
- **E**xtra Information you need

EXERCISE: WISE GOALS

I want to save for:

WHAT	INVESTMENT NEEDED	SAVINGS PLAN	EXTRA INFORMATION
<i>A computer for my home business</i>	<i>\$2,000 - A new computer that has all the components I need costs around \$2,000</i>	<i>I will save \$100 a month for 20 months</i>	<i>I need to find out all the different types of computers that are available. I need to talk to people who use computers for home businesses, and then talk to different dealers to see where I can get the best price.</i>

▶ ▶ ▶ How Can an IDA Help You Achieve Your Hopes and Dreams?

EXERCISE: CHAD'S IDA

As described in the last chapter, an Individual Development Account is a matched savings account that helps you save towards an asset-building goal. Read the following story for an illustration of how Chad used an IDA to achieve his asset-building goal:

Chad Smith lives in the town of Lodgepole on the Fort Belknap Indian Reservation, where the closest grocery store is in the town of Harlem, a border town over 40 miles away. The tribe used to run a grocery store, but it closed down several years ago. Now the tribe runs a gas station/convenience store, located in Fort Belknap Agency on Route 2, where you can buy sandwiches and other groceries. There used to be small stores in Lodgepole and Hays, but they both went out of business. Chad wants to open a small restaurant and grocery store in Lodgepole, so people can get a quick deli lunch and some milk and bread when they need it. He has always wanted to own a store in the local community, and he plans to have video games and computer terminals so the kids in the community have a place to come and hang out.

The Fort Belknap Tribal Government has a tribal loan program, but it requires a 10% collateral payment for any loan. Chad wants to take out a loan for \$20,000 to buy a deli case, a large fridge, and some tables and chairs for the restaurant as well as other equipment. He has done his market research and put together a business plan and he predicts that he will be able to bring in over \$2,000 a month net revenue after his business is up and running. But first, he needs to save \$2,000 before he can apply for the loan. He applies to the local IDA program and agrees to save \$45 dollars a month for two years to build up his nest egg. This amount will be matched on a 1:1 basis, and in two years he will have \$2,160 towards a down payment on his loan. During the time he is saving in an IDA, Chad also plans to take small business ownership courses at the tribal college.

QUESTIONS:

1. How is Chad using the IDA savings program to achieve his dream?

(continued on page 38)



EXERCISE (CONT.)

2. How is Chad contributing to an asset savings goal?

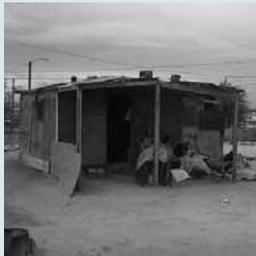
3. How will Chad's restaurant/convenience store provide him with assets for the future?

4. How will Chad's restaurant/convenience store help the local community?

Think back about the exercise where you identified some asset-building goals in your life. How could an IDA help you accomplish your asset-building goals?

Indigenous Community Enterprises (ICE) Flagstaff, Arizona

In 2003 Indigenous Community Enterprises signed up youth from the Tuba City and Oljato areas of the Navajo Nation in one of the first youth IDA programs in Indian Country. ICE based its program on the belief that financial education and acquiring significant assets such as a home, a business, or post-secondary education, make individuals and families more likely to bring themselves out of poverty and increase their economic self-sufficiency. Youth were required to have their primary residence on the Navajo Nation in Arizona, Utah, or New Mexico, and qualify under income standards set by the Navajo Nation Workforce Development Program.



The program allowed participants to save up to \$500 with a 2:1 match rate offering match monies of \$1,000 for each successful participant. Participants saved for one of three asset goals: home purchase, business development, or post-secondary education. To ensure the development of the participants' financial literacy and, in turn, personal growth, the program required participation in personal finance and money management workshops. The yearlong program involved the young people learning job skills while giving back to the community by building homes for Navajo elders. More importantly, the program involved intergenerational transfer of traditional cultural knowledge as the young people participated in the construction of a hogan home for the elder, and then participated in the blessing ceremony for the new home. During the summer months, youth spent eight weeks erecting the hogan home and gaining the construction and planning skills associated with such a job. In addition, they attended four financial literacy classes, one Homesite Lease and Archaeological Clearance Workshop, and one Environmental Training Workshop. For youth unable to participate in the summer program, the option to save other earned income was provided with the requirement that they also complete the financial education program.

Funding for the operation, administration, and match dollars of the 2003-2004 pilot program was provided by FNDI, the Fannie Mae Foundation, the Arizona Community Foundation, and Wells Fargo Bank. Wells Fargo also acted as the program's sponsoring bank, providing savings



accounts for participants free of charge. The Self Employment Loan Fund, Service Corps of Retired Executives, and Small Business Development Center offered business training and counseling. Navajo Partnership for Housing and Twilight Dawn, both homebuyer education, credit repair, and family self-sufficiency organizations, also provided significant assistance with financial education classes.

ROSELYN

Roselyn is the first to tell you that ICE's IDA program changed her life. Asked to reflect on where she would be if she never enrolled in the program, she hardly hesitates as she envisions herself sitting on the couch watching TV like so many other friends and family members. The ICE IDA program gave this talented young woman the permission to explore her dreams, and the community and her nation will thank them for years to come.



Roselyn was one of the youth who was not able to participate in the summer project but was not daunted by the prospect of generating earned income. While enrolled in the IDA program she started at Dine College at Tuba City to pursue her associate's degree in business and raised money to save in her IDA through bake sales, community events, and child care. During her final year in the program, and at Dine College, Roselyn was treasurer of the student council and helped raise funds to hold a commencement banquet for the graduating students that had been cancelled because of funding constraints.

With her associates degree from Dine College in hand, Roselyn is excitedly preparing to study for her bachelors in business at Arizona State University. She is using her IDA savings to help pay for tuition. She already has big plans to return to the reservation and start businesses to give her people the same hope she found in the IDA program. ICE's program didn't create a different person in Roselyn, it merely provided a remarkable young woman with the permission to pursue her dreams to better herself and so benefit her family, community, and nation.

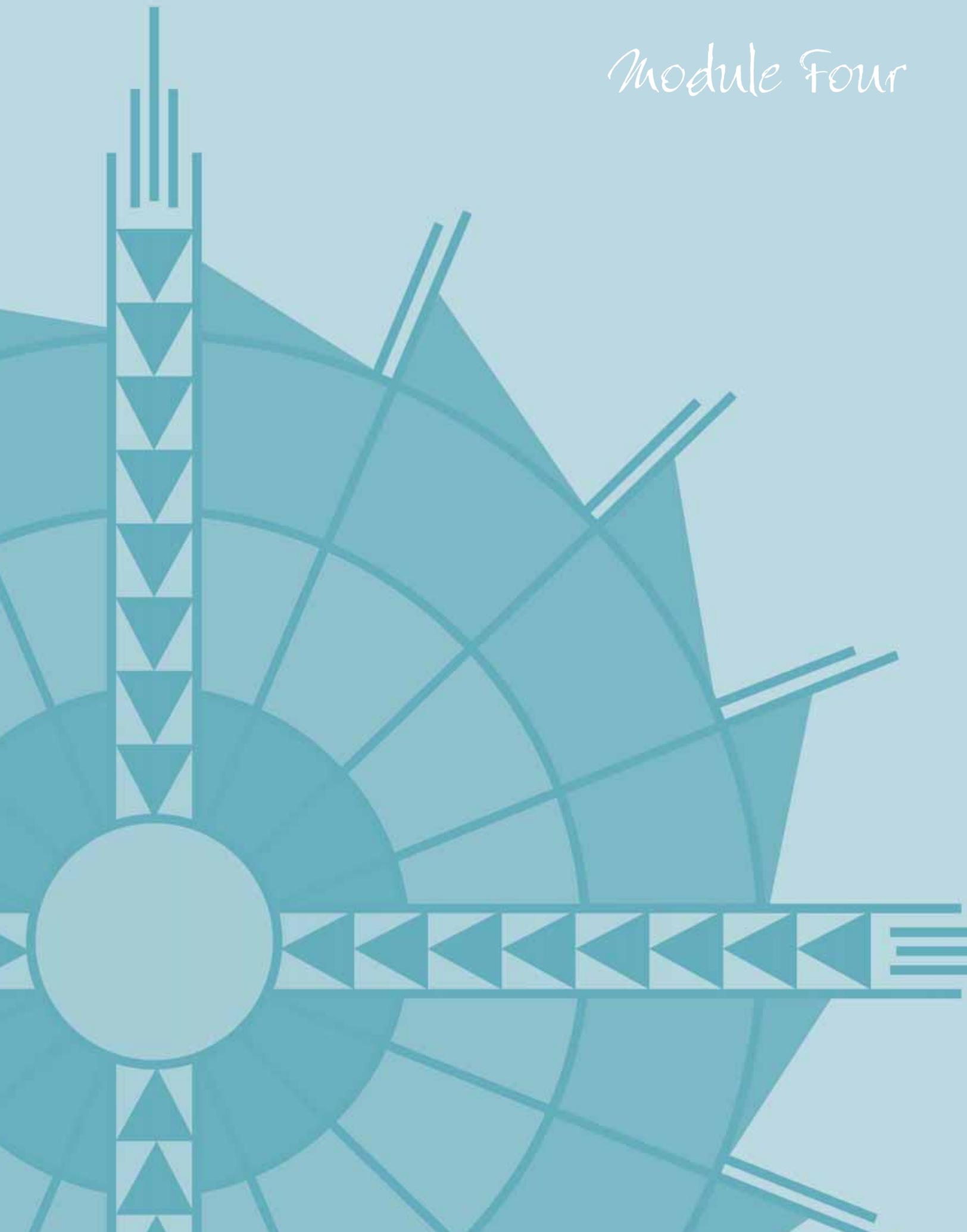


“I hope the JDA program is available for all tribal members, not just the lower-income tribal members, for if we are to be independent and sovereign as a tribal nation we need to be independent and sovereign individuals, and financial literacy is key to that success. It is also important to keep in mind the cultural appropriateness of the philosophy. The acquisition of credit to gain access and ability to buy more stuff is not the goal. Financial freedom and independence on the individual level will ripple to the tribal nation level.”

– Community member, Confederated Tribes of Grand Ronde, Grand Ronde, Oregon



Module Four



Individual Development Accounts in Your Community

Objectives

This module is designed to provide you with more information about Individual Development Accounts and how they can help Native families and Native communities.

By completing this module, you will ...

- Learn more about how an IDA works
- Learn more about the different components of an IDA program
- Learn how to plan for emergencies

Individual Development Accounts in Your Community

In the last chapter, you learned more about developing a savings plan to achieve your life goals. This chapter will provide you with more information about Individual Development Account, and you will begin to learn about what opportunities your IDA program offers you.

What Are the Components of an IDA?

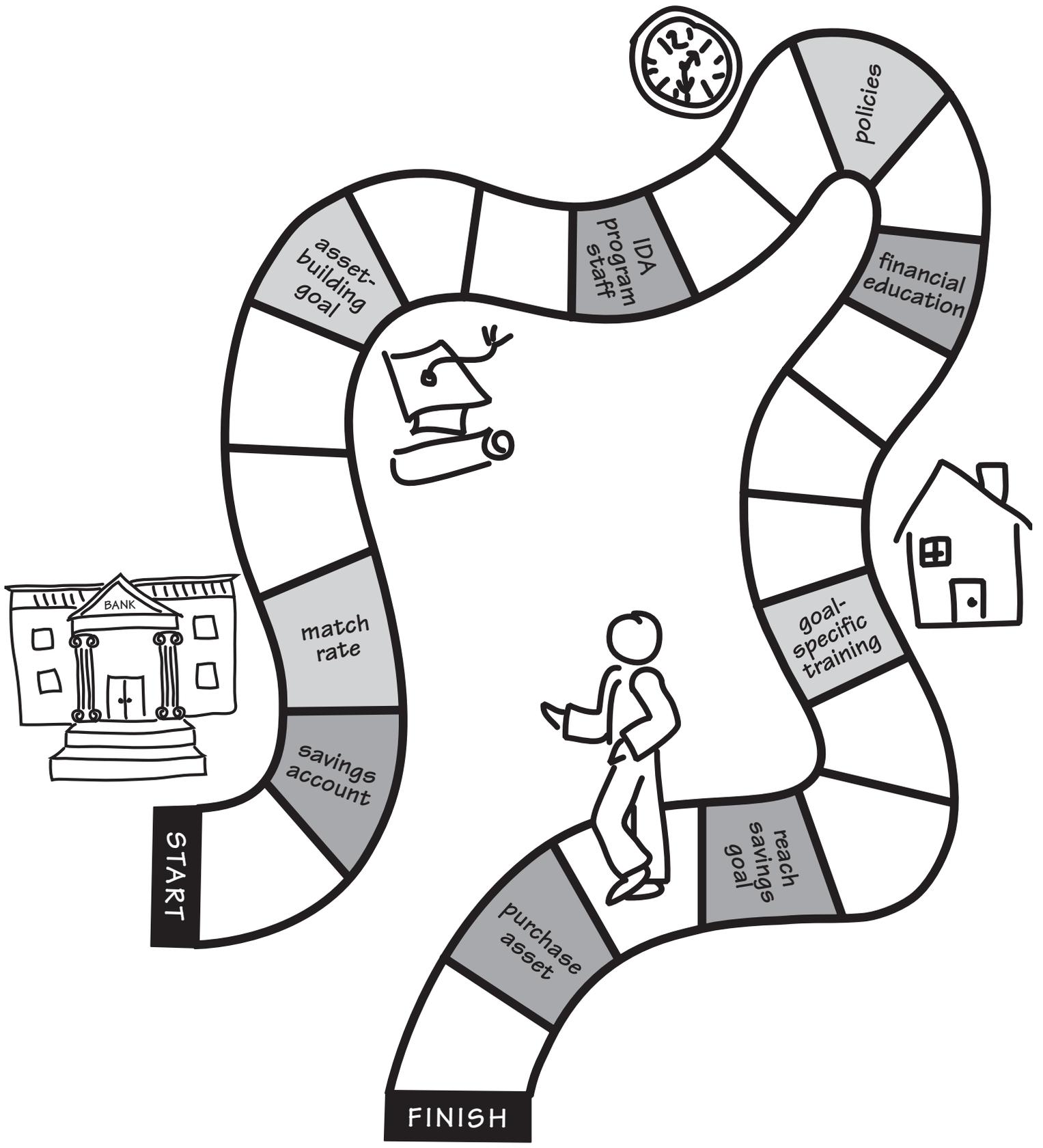
So you are thinking about signing up for an IDA, or you have already signed up for an IDA. You have identified some of your life goals, and you have thought about how an IDA savings plan can help you accomplish these goals. Most importantly, you have thought about an asset that you want to invest in, and how that asset can help you and your family achieve financial security and stability.



Let's review the main components of an IDA savings plan.

IDA savings plans usually have several different components:

- ✓ A savings account at a bank or credit union set up in your name.
- ✓ A match rate for every dollar you save.
- ✓ A minimum amount you put in your savings account every month.
- ✓ An "asset-building goal" – you can decide to save toward starting a business, making a down payment on a home, or getting more education. (There are some other asset-building goals that we will discuss in the next chapter, including repairing your home and purchasing a vehicle for a business.)
- ✓ A maximum amount of money you can save per month or over the life of the program, that is eligible to be matched.
- ✓ A limited amount of time over which you can make deposits into your savings account (anywhere from 12 months to 5 years).
- ✓ Financial education and help with budgeting, developing savings goals, and credit repair.
- ✓ Some sort of "goal-specific" training – classes on buying a home, starting a small business, or paying for a college education.
- ✓ IDA program staff to answer any questions you have about the program or provide you with help in achieving your savings goals.
- ✓ Policies to describe what will happen if you stop saving in your account or do not meet your monthly savings goal.

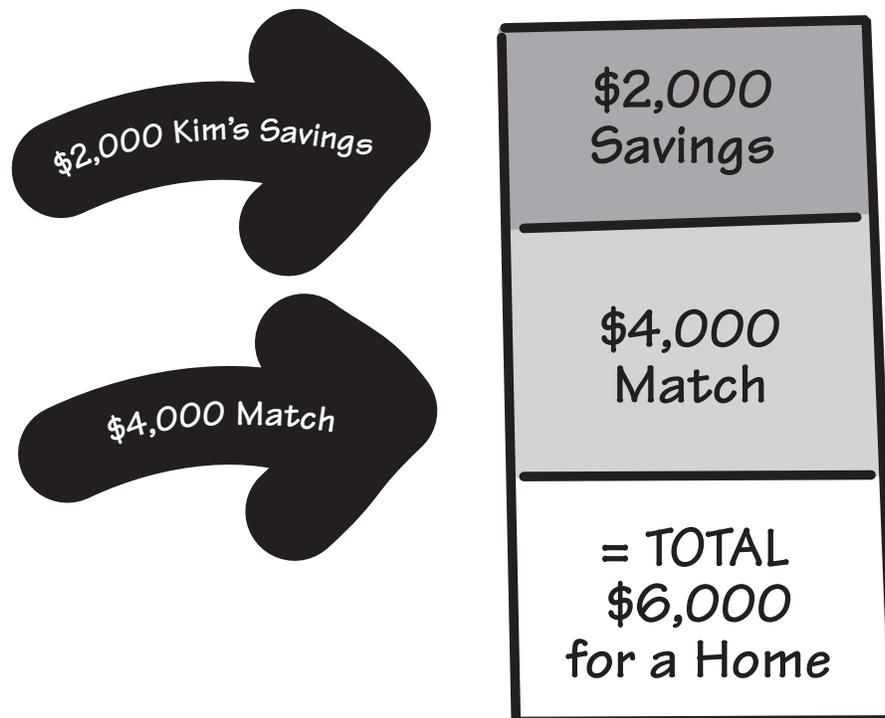




▶ ▶ ▶ ▶ How Do You Turn Your Dreams into a Savings Plan?

Here is an illustration of how an IDA program can help someone save money to buy a home. Let's look at what Kim does to save money in her IDA:

- Kim would like to own an important economic asset - a home.
- She signs up for an IDA program, attends financial education courses and learns about homeownership.
- She opens her IDA and saves regularly.
- The IDA matches her savings deposits at a rate of \$2.00 for every \$1.00 of earned income she saves.
- Kim saves \$55.00 per month over 3 years for a total of \$2,000.



IDA Overview

WHAT ARE INDIVIDUAL DEVELOPMENT ACCOUNTS?

Individual Development Accounts, or IDAs are matched savings accounts to help Native families and individuals save for things that will help build their futures.

WHAT DOES “MATCHED SAVINGS” MEAN?

Matched savings means that for every dollar an IDA participant saves, the program will match that amount with additional money. For example, if the match rate is 1:1, for every \$1 you save, the IDA program will provide \$1 towards your designated asset goal.

WHERE ARE THE SAVINGS DEPOSITED?

In a bank or credit union that is designated by your program.

WHAT DO PARTICIPANTS HAVE TO DO TO EARN THE SAVINGS MATCH?

Usually, participants have to:

- Make a deposit every month
- Take financial education classes
- Complete asset specific training and receive information about their asset goal
- Maintain contact with IDA program staff and attend meetings to receive financial training and other assistance

WHO ARE IDAs FOR?

IDAs are for people who are ready to save.

EXERCISE: YOUR MATCH RATE

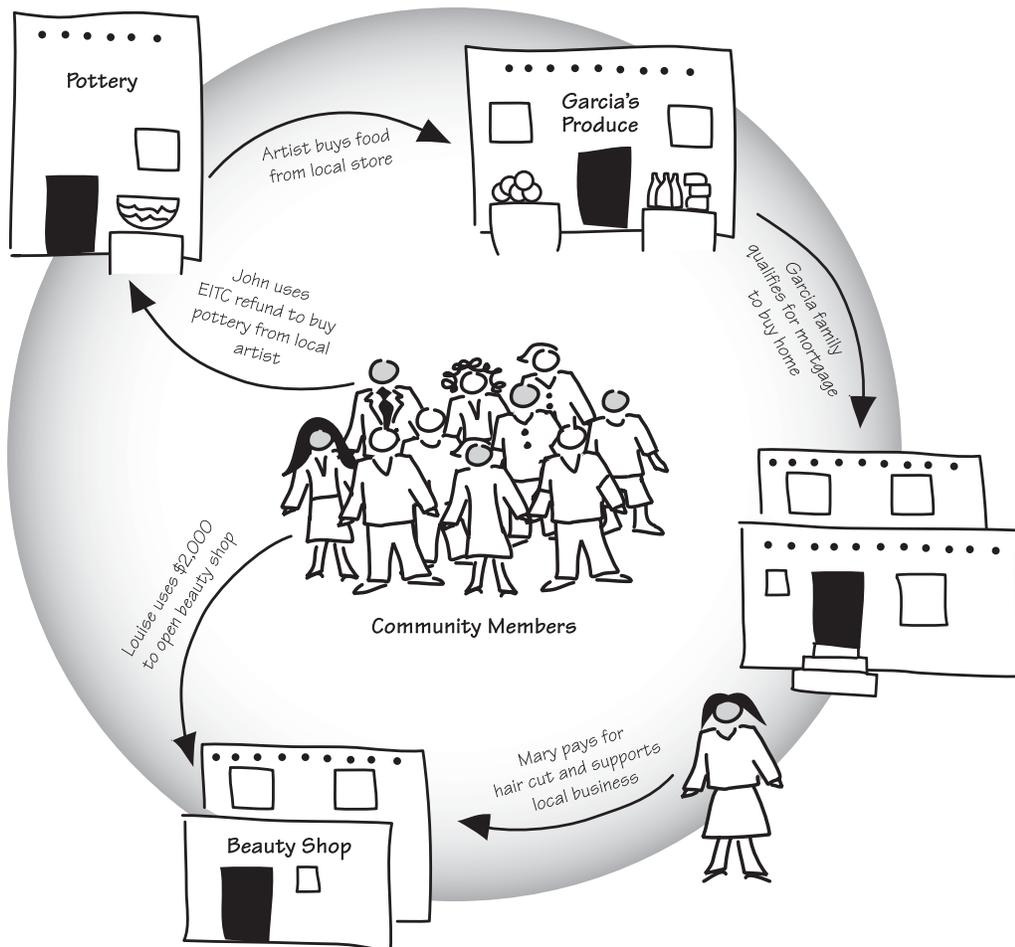
Let's assume that your IDA program will match \$1 for every \$1 you save. If you save \$500, you will get an additional _____ from the organization that matches your money. You will then have \$_____ for your asset goal – you have doubled your money! It's hard to find a better deal than that.



▶▶▶▶ How Do IDAs Help the Local Community?

Individual Development Accounts help people in the community become asset owners, and the local community prospers. When local businesses are owned by Native people in your community, money spent at these businesses is more likely to stay in your community.

Think about it: when you spend your dollars at Wal-Mart, most of that money flows out of the community to the corporate headquarters in Arkansas. But when you spend your money at a store owned by a community member, that community member will probably spend that money at other local stores. This is called the “multiplier effect”—one dollar spent gets re-spent in the local economy several times, meaning the initial one dollar spent is multiplied to provide more money for your local economy.



My IDA program

Use the following worksheet to gather information on the IDA you will be saving in:

My IDA	
What is the IDA program name?	
Who is running the IDA program?	
What is the name and phone number of my IDA coordinator?	
What is the match rate (how much will every dollar saved be matched)?	
What is the maximum amount of money I can save in this program and receive a match for?	_____ per month _____ per year _____ over the life of the program
What is the name of the bank or financial institution where I will open my savings account?	
What is the time frame I have for saving in this program?	_____ years or _____ months
What are the approved asset goals (what can I save up for)?	
What type of financial education is required? How many classes and how often?	
What other type of education is required? How many classes and how often? Where and who offers them?	



Is Your IDA a “Custodial Account?”

Some IDAs require you to put your money in a savings account that is in both your name and the name of the program. That way, you will not be tempted to make a withdrawal because you cannot make a withdrawal without the permission of the program staff. This is called a “custodial” account.

Other IDA programs require you to open a savings account and practice self discipline by not taking money out of the account. This is called a “non-custodial” account.

What type of accounts does your IDA program require?

- custodial
- non-custodial
- not sure





EXERCISE: THERESA'S IDA PROGRAM

Read the following example to learn about Theresa's IDA program.

Theresa Elliot lives on the Fort Berthold Indian Reservation in North Dakota. She has always helped her grandmother make star quilts and other quilts, and their business is doing quite well. She and her grandmother have a reputation in the community for completing projects on time and always delivering on a promise. They make quite a few quilts for families in the area, for births and deaths and other events, but they have also recently received an order for a quilt that will be given to a presidential candidate when he is campaigning in North Dakota this year. Theresa has been doing some research and has found a large sewing machine designed for quilt making that she believes will increase the number of quilts she and her grandmother can make by at least three times. She needs to save \$3,000 to purchase this sewing machine.

Theresa finds out that the tribal college is offering an IDA program and she signs up for the program, Fort Berthold Saves. The program provides a \$2 match for every \$1 saved, and the program allows participants to save for a small business, down payment on a home, or to go back to school. She can save up to \$1,000 and receive a match for her money, and has two years to reach her savings goal. She is required to take financial education classes, to learn to budget and save, and then must take at least three classes on how to run a small business. Theresa signs up for the small business track, and takes 10 weeks of financial education before she is asked to begin saving in the program.

Write down the following information about Theresa's IDA program.

What is the IDA program name?	
Who is running the IDA program?	
What is the match rate (how much will every dollar saved be matched)?	
What is the maximum amount of money she can save in this program and receive a match for?	_____ per month _____ per year _____ over the life of the program

<p>What is the time frame she has for saving in this program?</p>	<p>_____ years or _____ months</p>
<p>What are the approved asset goals (what can she save up for)?</p>	
<p>What type of financial education is required? How many classes and how often?</p>	
<p>What other type of education is required? How many classes and how often? Where and who offers them?</p>	
<p>The program provides a 2:1 match, or \$2 for every \$1 saved. If Theresa wants \$3,000 for her quilt business, how much does she need to save in order to achieve her savings goal?</p>	
<p>Theresa wants to save _____ over a two-year period. What is the minimum amount she must save each month to accomplish her savings goals?</p>	
<p>Total amount saved over two years _____</p>	
<p>Divide by 24 months (two years) _____</p>	
<p>What is the minimum amount she must save each month? _____</p>	



▶ ▶ ▶ ▶ Planning for Emergencies

We have all experienced an unplanned cost. Maybe our car breaks down, or perhaps we have an unexpected medical expense. When money is tight, we are often tempted to tap into our savings to pay for an emergency cost. When you are in an IDA program, the cost for doing this can be very high! You are not only reducing your savings, but there may be a penalty for withdrawing money from your account - you may lose your match money.

EXERCISE: THERESA'S EMERGENCY

Let's check in with Theresa again and see how she handles an emergency that cropped up during her second year of savings:

Theresa has been saving in the IDA program for over a year now, and her small business classes are going very well. She has even learned things to improve her existing business, like how to make sure she is keeping good records and making sure all of her invoices get paid. She has been saving \$45 a month in her savings account, so she is a little ahead of the game.

Unfortunately, Theresa's car broke down recently and she is having trouble getting to her classes at the tribal college. She saw a sign at a car dealership in Bismarck that said that you could buy a car with only \$500 down. She decided to ask her IDA program staff if she could make a withdrawal from her savings account.

She talked to the IDA program staff, and they told her that if she made a withdrawal, she would lose her match money. They encouraged her to try to borrow money from family members, get her car repaired, or get a ride with a friend. They also suggested that Theresa could borrow money from an emergency loan fund provided by the IDA program, but she would have to pay it back by paying into that each month too.

Theresa decided to withdraw \$500 from her IDA because she really wanted a new car. She went to the car dealer in Bismark, and put the \$500 down on a used car. Unfortunately, she soon found it difficult to make payments to the car dealer and into her IDA savings account. She dropped out of the IDA program and decided to pick it up again later when she had paid off her car.

What is the emergency withdrawal policy in Theresa's IDA program?

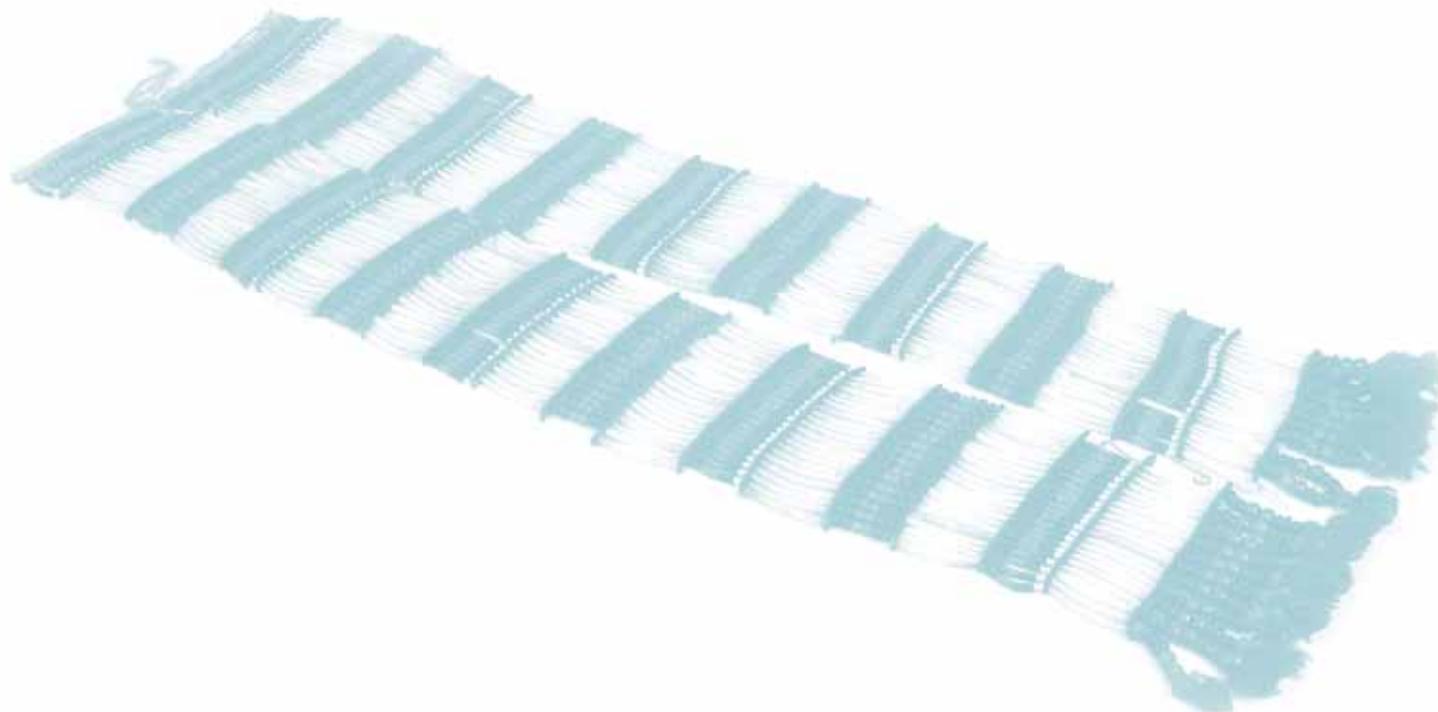


What could Theresa have done differently?

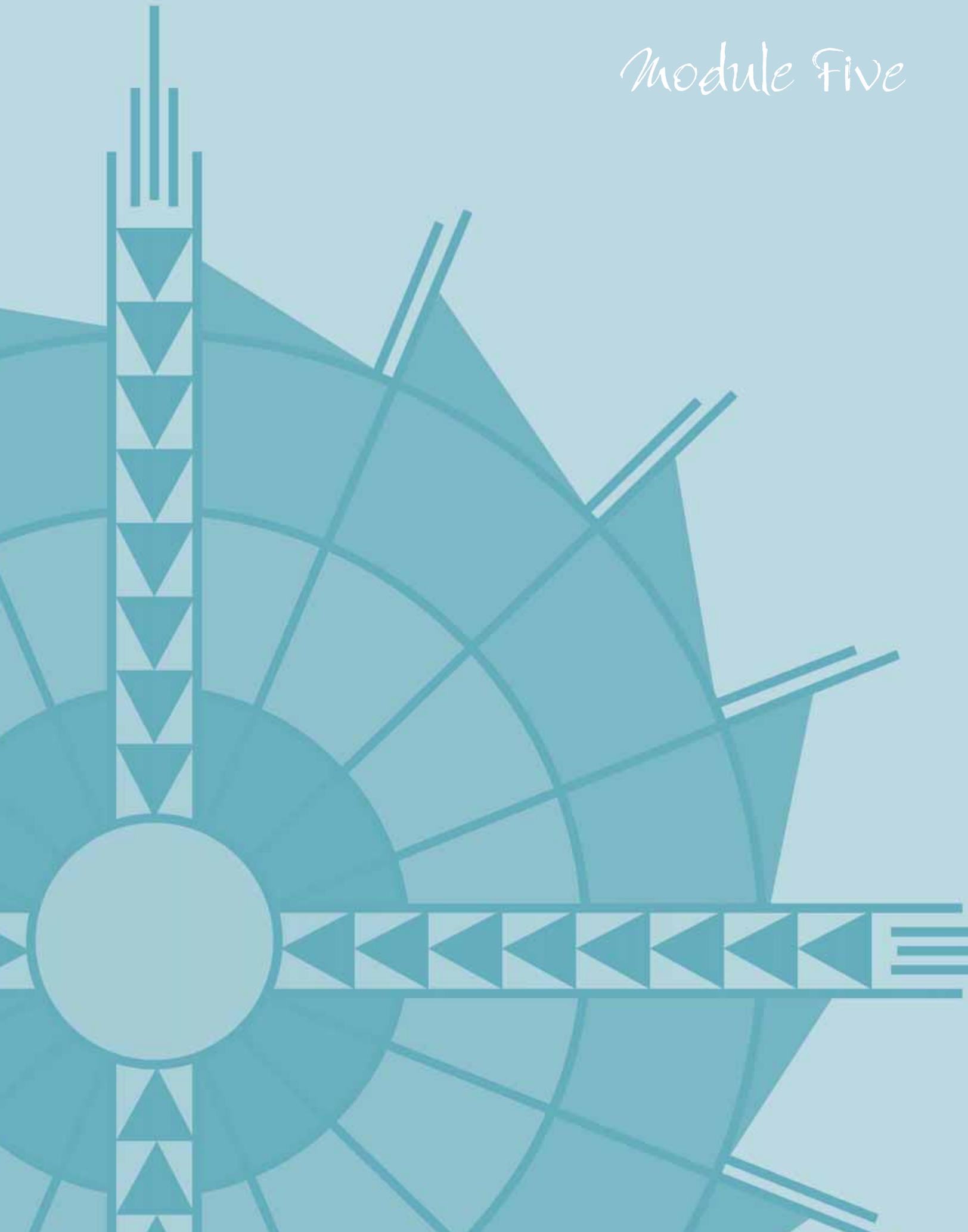
What type of policy is supported by your IDA program? Is there an emergency loan fund? If so, what types of emergencies are allowable?

▶ ▶ ▶ Conclusion

In this chapter, we learned more about how IDAs work, and you had an opportunity to find out more information about how your IDA program is structured. In the next chapter, you will have an opportunity to think more about your savings goals, and what type of asset you would like to save money for.



Module Five



Your JDA Savings Plan

Objectives

This module is designed to help you think through your personal savings goals and to find an IDA savings plan to match your needs.

By completing this module, you will ...

- Learn more about the savings goals supported by most IDAs: owning a home, starting or expanding a business, or going to college
- Identify which savings goal is most important to you and your family
- Learn how to achieve your savings goal in an IDA program

Your IDA Savings Plan

You have learned a lot about how to develop a savings plan to build assets for the future, and you have learned more about what kinds of options an Individual Development Account offers. In this chapter, you will begin to think about your own IDA savings program, and think through which savings goal is most important to you and your family.



▶ ▶ ▶ ▶ Asset-Building Savings Goals

In the last chapter, you wrote down the types of asset goals that are supported by your IDA program. Let's review the different types of asset-building goals and why they are supported by IDA programs:

ASSET-BUILDING GOAL	WHY IS THIS CONSIDERED AN INVESTMENT IN THE FUTURE?	HOW WILL THIS ASSET HELP YOU 10 YEARS FROM NOW?
Homeownership, or saving money for a down payment on a home	Once you own your home, you have equity. Instead of paying rent each month, you will make a payment towards owning your home, and at the end of a 15 or 30 year period, will own a piece of property that is worth a great deal of money and can provide security for your family. ² In many ways, this is the modern equivalent of providing a traditional home for your family. Investment in a home is an investment in security and stability for your family. A safe, secure home provides a safe environment for your family, and you may pass it on to your children some day!	You will own a large part of your home, if not owning it outright.
Purchasing a piece of equipment that will help you start or expand your business, or some other investment in starting a business	If you own your own business, you will always have a source of income, as long as your business does well. You will also own whatever equipment you need for your business, whether that is an industrial sewing machine, a delivery van, or kitchen equipment.	You will own a business that provides you with a steady income.
Paying for more education	More education is always a good idea. Whether you are getting a degree in cosmetology or auto repair, or going for a master's degree in business administration, more education usually means you can get a better job and earn more money over the long term. In addition, more education may improve your ability to maintain employment, gain a promotion, gain more flexibility in your job, or even learn a trade that will eventually lead to starting a small business.	More education can provide you with more income, more choices, and more flexibility over the long term. It is an asset no one can ever take away from you – you can never lose it. You can also use your IDA to pay off educational loans.

²It is important to note that if your house is on reservation trust land, you will not own the land at the end of 15 or 30 years, but will only own the home. If you want to build a home on individual trust land, there may be a series of steps you need to go through to accomplish this goal. Talk to your IDA coordinator to find out more about homeownership options on your reservation.

Other Asset-Building Goals

Some IDA programs support other asset-building goals that are not listed above. Ask your program coordinator about which goals are supported by your IDA program. Here are some other goals that might be supported:

ASSET-BUILDING GOAL	WHY IS THIS CONSIDERED AN INVESTMENT IN THE FUTURE?	HOW WILL THIS ASSET HELP YOU 10 YEARS FROM NOW?
Saving up to do maintenance or repairs on your home	Many people own their home outright, but do not have the money to repair their home. Sometimes these homes are in bad shape, and are in need of major repairs. Some IDA programs will help you conduct repairs on your home.	By repairing your home, you will increase the value of your home. You will also be providing a safer home environment for your family. In addition, you may be able to save money on utilities.
Opening a retirement savings account	When you retire, you will need some income in addition to any pension program you have. IDA programs can help you begin to save in a retirement savings account.	You will have additional retirement income.
Debt consolidation and credit repair	Repairing your credit by consolidating and paying off your debts improves your credit worthiness and can open the door to other asset purchases. IDA programs generally let you explore this savings goal when you are trying to start a small business or buy a home with your spouse or partner. It may be a program requirement that you are enrolled in the homeownership or business courses of the IDA program.	You will be able to establish and manage your good credit standing so you can access more assets in the future.
Buying a car, van, motorboat, or snowmobile	Some IDA programs will allow you to save money to buy a car or a van, especially if this is used in a small business. Some IDA programs let you save money to buy a car so that you can get to work more easily. In some IDA programs in Alaska, it has been proposed to help people buy a boat or snowmobile to assist in hunting and fishing activities.	By having a vehicle, it will help you get to a job and earn a wage. By owning a van, motorboat, or snowmobile, it will support your business, or help you conduct subsistence hunting and fishing to support your family.



EXERCISE: ASSET OWNERS IN YOUR COMMUNITY

Think for a minute about “asset owners” in your community. Who do you know who owns a business, or owns their home? Find time to talk to them about the opportunities and challenges from their family, their other community members, and from outsiders. Report back to the group on what you learned.

▶ ▶ ▶ ▶ Training and Information: Building Skills for the Future

Most IDA programs require that you spend some time in the program taking some financial education classes, and also some “goal-specific training.” In other words, if you plan to use your savings to make a down payment on a home, you will probably have to take some classes on how to shop for a home, how to take out a loan on a home, and how to maintain your home once you own it.

Listed below are some of the asset-building goals and the types of training that are required for these goals.

ASSET-BUILDING GOAL	TRAINING CLASSES OFFERED
Homeownership, or saving money for a down payment on a home	Classes on how to shop for a home, how to take out a loan on a home, and how to buy a new home. May cover issues related to title, trust land, and leases.
Purchasing a piece of equipment that will help you start a business	Classes on how to start a business, including creating a business plan, doing market research, projecting cash flow, setting up accounting and budgeting systems, and marketing.
Paying for more education	Classes on how to receive financial aid, how to shop for the right college program, and how to most effectively apply to college.

▶ ▶ ▶ Your IDA savings plan

Now is the time to think about the IDA savings plan that best matches your goals, hopes, and dreams. Think back to chapter two where you wrote down your hopes and dreams. Which IDA savings goal do you think would best assist you in accomplishing your hopes and dreams?

Why do you consider this an investment in the future?

How will this help you 10 years from now?



Think back to chapter three where you wrote down what your IDA program has to offer. Now think about your asset-building goal and write down the following information about your IDA:

How much money do you plan to save?

What classes do you plan to take?

Cherokee Nation IDA Program Tahlequah, Oklahoma

The Cherokee Nation launched its IDA program in 1999. It is sponsored by the Small Business Assistance Center of the tribe's Commerce Department and is based in Tahlequah, Oklahoma. Eligibility to participate in the program extends to any registered member of a federally recognized tribe who lives within the tribe's jurisdictional zone in eastern Oklahoma and earns an income below 200% percent of the national poverty rate. The program's funding comes from three sources: the tribe's Small Business Assistance Center, which supplies in-kind support through staffing and funding for operations and administration; Native American Housing Assistance and Self Determination Act (NAHASDA) funding that is used for match funding and operations for the housing uses; and a grant from First Nations Development Institute that meets operations and administration costs in addition to providing match dollars for non-housing uses.





All of the Cherokee Nation IDA savings accounts have a two-year time frame. Four different savings goals exist with four corresponding match rates. Participants save a set amount of \$30 every month for the length of the program for a total saving of \$720. Those participants saving for a home earn a match rate of 3:1, meaning the program matches three dollars for every one dollar the participants deposit in their IDA. The end result is that homeownership savers have the \$2,160 in match dollars in addition to their savings of \$720 to make a total down payment of \$2,880. Those saving for small business development have a slightly lower match rate of 2.5:1, earning a match of \$1,800 for a total of \$2,520. The home improvement match rate is 2:1 with a match of \$1,440 and a total of \$2,160. As it is a more affordable asset, the education goal attracts a match of 1:1, with the personal savings and match of \$720 providing the participant with \$1,440 to spend on vocational or higher education.

The dissemination of financial knowledge throughout Indian Country is both the backbone and result of a successful Native IDA program. The Cherokee Nation program's financial institution partner, Superior Federal Bank, waives fees and provides dual statements to participants when they open their bank account. Meanwhile its training partners, the Oklahoma State University Extension Service, the tribe's higher education department, and the local Consumer Credit Counseling service, provide specialized training for participants in financial literacy and goal specific topics.

As the Cherokee Nation IDA program is one of Indian Country's longest running and most successful, there are many success stories. We want to introduce you to two successful participants:

GEORGE

George has always had a mind for business but was waiting for the right opportunity. In 1999 the opportunity came when he approached the Cherokee Nation IDA program for help with his dream to buy a convenience store in his small hometown. He started saving in the program and enjoyed attending the financial education classes. As time went on, it was clear that George wasn't going to qualify for the loan he needed to buy the convenience store on Hulbert's main street.



Undeterred, George worked with the IDA staff to change his goal to home repair. He graduated from the program after two years and used his own savings of \$720 and the match of \$1440 to make improvements to his home that increased its value by around \$10,000. Soon George's dream led him to re-enroll in the IDA program, determined to achieve his goal and buy the convenience store.

George refreshed his financial management skills and received specific training to develop a business plan. He eagerly anticipated the challenges he would face as a new small business owner. He graduated two years later and used the equity in his home (increased by his

(continued on page 66)



(continued from page 65)

previous enrollment in the IDA program) to buy the convenience store and gas station. He used his \$1,880 match money and \$720 savings to buy his first load of gas and some equipment for the convenience store.

George shared this story at lunchtime in his store where numerous community members and passersby stopped by to have lunch and get some gas. He has used the profits from his business to support various community activities. The flexibility of being his own boss even allowed George to serve as the town's mayor. The Cherokee Nation IDA program helped make George's dreams a reality that makes a positive contribution everyday to many lives. The IDA savings and match monies have made a difference for George, his family, and the whole community.

MELISSA

Melissa lives on a 10-acre individual allotment in the Cherokee Nation's jurisdictional zone that was given to her by her father. He broke his 50-acre allotment into five parcels of 10 acres and gave them to various family members. Melissa's sister lives up the road on her 10 acres and her brother lives down the road on his 10 acres. Along that few hundred feet of driveway a family has been transformed.



Melissa heard about the IDA program through friends who work for the tribe. Her friends knew she and her husband had been waiting for the right opportunity to start their horse breeding/stud farm business.

She and her husband had a small savings but had never had enough to start their business.



After taking the financial education classes she completed a class with the tribe that helped her develop a business plan that would help her qualify for a loan. In 2000, she was one of the program's first graduates. She and her husband bought materials for a barn with their match of \$1,880 and savings of \$720. They then built the barn for their horses and got their business underway in 2001.

The business grew and people from all over the country were calling to bring their horses to Melissa's stud farm. Her excitement about the program was contagious. Soon her brother began saving in the IDA program for homeownership. When he completed the program, he used the match of \$2,120 and his saving of \$720 to qualify for a loan to build a beautiful house down the road from Melissa. His house was worth at least \$130,000 when it was finished, a very valuable home in that part of eastern Oklahoma.

Asset building in her family spread like wildfire when Melissa's sister saved to make improvements to her home, using her \$1,440 match and \$720 savings to add some storage space and convert her carport into a large family room. This added about \$8,000 in equity to her home. Her parents even followed the children's example and used the IDA to purchase a much-needed heating and cooling system.

As Melissa's son played around the barn beside the family home it was clear that it wasn't just the older generations that were benefiting from the Cherokee Nation program. These family assets were indeed assets for the future that had transformed this family for the present and for generations to come.



Congratulations! You have now thought through the steps of starting an IDA savings program, identifying your savings goals, and starting to plan to develop assets for the future.

Fill out the following card, and then sign your name as a pledge that you plan to save for assets for your future.

Saving for the future
My Individual Development Account

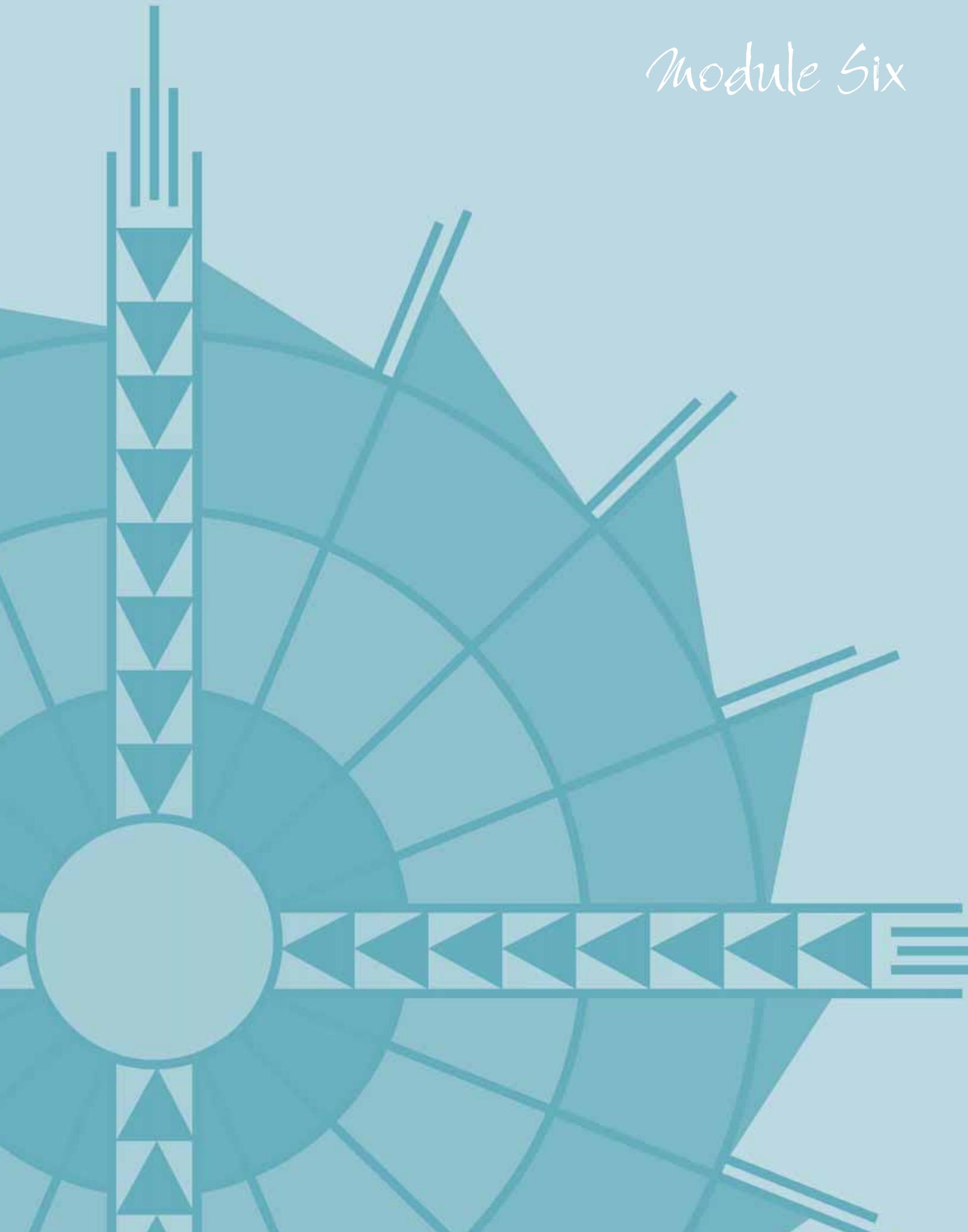
I plan to save for: _____

I plan to save _____ each month for _____ months

I plan to take the following classes _____

I, _____ commit myself to save for assets for the future.

Module Six





How Will Your IDA Impact Your Life?



Objectives

This module is designed to help you anticipate the immediate and long-term life changes that your IDA will bring about for you and your family.

By completing this module, you will ...

- Learn about resources in your local community to help you achieve your asset savings goal
- Understand the impact of your asset goal on your financial future and the future of your family
- Hear about other successful graduates and the impact of their IDA success on their lives today
- Develop strategies to speak appropriately with your family about the impact of your asset goal on the financial decisions of the family
- Understand the opportunities and challenges presented by your graduation from the IDA program and develop strategies to utilize and address them
- Identify the savings goal or goals that may follow your successful completion of the IDA program



Life Changes

So now you have made the decision to begin saving in an IDA. Congratulations on making a big step! Now is the time to think about what resources exist in the community to help you accomplish your goals. Also, it is important to think about how this IDA program may change your life, and may change the way people treat you.



Resources in the Local Community

First, let's think about what resources exist in your local community or surrounding area to help you accomplish your savings and asset goals. There are many organizations, in addition to the organization sponsoring your IDA program, that can help you accomplish your goals. Look at the list on the next page and check off which resources exist in your local community:



▶ ▶ ▶ Resources in Your Community

EXIST IN MY COMMUNITY?	RESOURCES	HOW CAN THIS HELP YOU WITH YOUR ASSET GOAL?
<input type="checkbox"/> yes <input type="checkbox"/> no	Tribal college or community college	The college may offer classes on how to start your small business or other classes you may be interested in to further your career.
<input type="checkbox"/> yes <input type="checkbox"/> no	Community Development Financial Institution (CDFI) or Credit Union	This organization may offer financial education classes or small business classes.
<input type="checkbox"/> yes <input type="checkbox"/> no	Housing Authority	The Housing Authority may offer classes on how to buy a home, how to shop for a mortgage, or may provide down payment assistance.
<input type="checkbox"/> yes <input type="checkbox"/> no	Small Business Development Centers	This organization may offer beginning to advanced business management courses, marketing assistance, or a small business incubator that provides start-up access for business ventures.
<input type="checkbox"/> yes <input type="checkbox"/> no	Local schools, clubs, civic groups, and nonprofit organizations	These organizations may offer school-to-work programs, job shadowing, mentorships, and summer youth opportunities.
<input type="checkbox"/> yes <input type="checkbox"/> no	Consumer credit counseling services	This organization can help you consolidate debt and repair credit, paving the way for you to purchase your asset.
<input type="checkbox"/> yes <input type="checkbox"/> no <i>List other resources here as you think of them</i> →		
<input type="checkbox"/> yes <input type="checkbox"/> no		
<input type="checkbox"/> yes <input type="checkbox"/> no		
<input type="checkbox"/> yes <input type="checkbox"/> no		

EXERCISE: RESOURCES IN YOUR COMMUNITY

Now that you have identified the additional resources that exist in your community, write down how you plan to use these resources in the future:

▶▶▶ It Changed My Life!

It may seem silly to think that an IDA program will change your life. But in many ways, your life will be different than it was before. While you are saving for your asset goal, you will have large sums of money in the bank, maybe larger than you have had before. It is important to think about how your attitudes about money may change, and how people may treat you differently because they perceive that you have money.

After you purchase your asset, you may find the same thing happens. For example, now that you own your own business, family members may believe that you have a lot of money and ask to borrow money more often. Or now that you made a down payment on a home, people may think that you have a lot of money. But you will still need to continue to make housing payments!

Read the following story about Janice who has just started saving in her IDA program.

Janice just signed up for an IDA program in Fort Washakie, Wyoming, on the Wind River Indian Reservation. She is interested in saving up to purchase a computer and printer to start her own graphic design and web page design business. She has taken several college courses in graphic design and web page design, and believes that there is a lot of demand in the local community for her skills.

The IDA program she signed up for is offered through the Wind River Development Fund, a community development financial institution, also known as a CDFI. For every dollar she saves, she will receive a \$3 match! She begins taking the financial education classes, and designs her savings plan. She wants to save \$1,200 over one year, and therefore must save \$100 per month. She thinks this will be hard to do, but is committed to trying to budget and save.



Three months into her program, she has managed to meet her savings goal each month. However, her son is going back to school this month and he wants a new Native Pride hockey jersey and some new tennis shoes to start off the school year. Her uncle Wayne is back in town and he came by yesterday to borrow some money for a ceremony he is having this weekend. She gave him less than he asked for, but still gave away \$20. As the day approaches when she is supposed to deposit \$100 into her account, she realizes she will come up short if she buys her son both the shoes and the jersey. She tells her son to choose just one, and decides she can put up with him being grumpy for the rest of the week.

EXERCISE: JANICE'S CHOICES

What were the tough choices Janice had to make about meeting her savings goal?

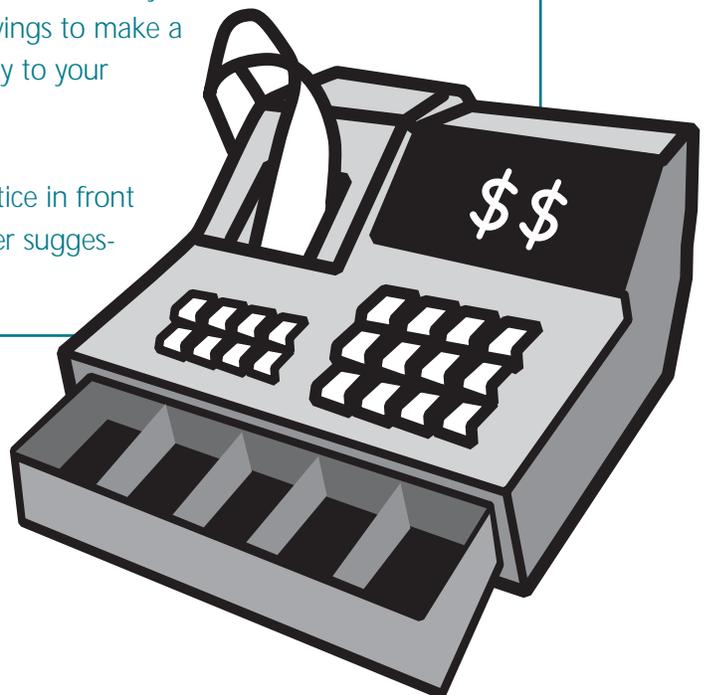
What would you have done in Janice's situation?

EXERCISE: ROLE PLAY

Sometimes the best way to learn how to talk to friends and family members is to practice. One way to do this is to role play. In this exercise, get a partner and practice how you would react in the following situations:

1. Your sister's car broke down and she wants to borrow money from you to get it fixed. If you lend her money, you will not be able to make your IDA payment this month. What do you tell your sister?
2. Your kids are used to swinging by the dairy treat every day for a cold soda and a hamburger for dinner. You have done a household budget and figured out that if you ate at home four nights a week you could save \$50 and put it into your IDA. What do you tell your children?
3. You own a small restaurant and are saving in an IDA to buy a new freezer to save on storage costs. Your cousins always stop by and tease you that you are rich when they see all the money in the cash register. Lately, they have been stopping by and grabbing a \$10 or \$20 bill out of the register when you are not looking. They don't realize that you need all that money to pay your bills to your suppliers! You are barely making ends meet, let alone having enough savings to make a deposit into your IDA program. What do you say to your cousins?

After you have done your role playing in pairs, practice in front of the whole group and see if people have any other suggestions of how to talk to friends and family members.





"We believe, that when armed with appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable economic, spiritual, and cultural well-being of their communities."

– Michael E. Roberts, President, First Nations Development Institute

▶ ▶ ▶ ▶ Graduation: Now What?

Earlier in this workbook, you committed to start saving in your IDA. The day will soon come when you graduate from the program, receive your savings and match money, and make your asset purchase. This is an exciting day, a day worth celebrating! But you may also be thinking, "Now what?"

Asset ownership provides you with both opportunities and challenges. If you start a business or go back to school, you are fortunate to have a lot of opportunities in front of you. But there are some challenges too. Graduating from the program does not mean that you can stop saving, budgeting, or making payments. In fact, if you purchased a house, you will need to continue making monthly mortgage payments. If you are running a business, you will want to generate monthly, if not weekly, account statements to make sure you are making a profit and investing your profits appropriately. And if you are furthering your education, you may find you continue to have expenses such as books and transportation. You may also want to set future financial goals – maybe to expand your business or pay ahead on your mortgage.

Take a minute and think about what your plans are after you make your asset purchase – what will your life be like?

EXERCISE: OPPORTUNITIES & CHALLENGES

Opportunities

Challenges

What additional savings goals do you think you might have after you graduate?



UMATILLA SAVES Confederated Tribes of Umatilla Indian Reservation (CTUIR) Pendleton, Oregon

In 2001, the Confederated Tribes of Umatilla Indian Reservation's 'Umatilla Saves' IDA Program began offering CTUIR tribal members 18 years and older the opportunity to open an IDA in the program sponsored by the Umatilla Reservation Housing Authority based in Pendleton, Oregon. Like the Cherokee Nation's IDA program, funding for operations, administration, and match dollars comes from Native American Housing Assistance and Self Determination Act (NAHASDA) funding and a grant from FNDI. With a savings goal of \$1,500, participants are required to save at least \$60 for a minimum of six months. The plan's match rate is 3:1, providing \$4,500 of match to graduates who save \$1,500.

Rather than offering multiple savings goals, Umatilla Reservation Housing Authority has used the IDA as one tool – among many – to provide the clients of their homeownership program with down payment assistance. Before enrolling in Umatilla Saves, participants complete an extensive financial education program that has already had over 300 graduates. Only after reviewing the credit worthiness of prospective homebuyers are participants offered the chance to save in an IDA. The financial education program involves collaboration with a variety of organizations in order to provide participants with the financial knowledge to fully use the funds they save. The CTUIR works with a number of training partners including the tribal police, tribal attorney general's office, Consumer Credit Counseling, Credit Professionals International, Umatilla Board of Realtors, and Wells Fargo to increase financial literacy and engage tribal members in homebuyer education and consumer credit counseling. The financial education classes have proven to be the most important part of the homebuyer education program generally, and Umatilla Saves specifically, because they have helped participants clean up their credit records and develop positive savings habits.

The graduates of Umatilla Saves are unique because of the number of tribal and community leaders among the early graduates. IDAs have been used by Umatilla Reservation Housing Authority to build the assets of an "emerging tribal middle class" and Naomi's story is a classic example!

NAOMI

Naomi is an attorney who works for the tribe. When she finished law school she worked in various parts of Indian Country and for CTUIR, but found that for a single woman who has a graduate degree and earns a good income, rental housing was very difficult to come by on the reservation. Along with a scarcity of properties for sale in and around the reservation, Naomi was sorely tempted to go somewhere else where it would be easier to buy a home. The desire to live on her land and work for her people outweighed her frustration with the barriers she faced. After taking the homeownership classes and saving her \$1,500 in the IDA program she earned the full \$4,500 match monies and used her \$6,000 down payment to purchase a home in the community of Riverside, just outside the boundaries of the reservation.



She admits that she could have purchased her home without the help of Umatilla Saves but points out that the match money provided an incentive to make a plan and achieve her goal much more quickly. Umatilla Saves has helped many people like Naomi continue to contribute to their community in important ways when it appeared the only option was to leave their land to live and work elsewhere.



▶ ▶ ▶ ▶ Your Future

Congratulations! You have learned about many important aspects of your financial life. You have identified some of your goals, and then learned how to accomplish these goals. Your IDA can help you achieve your savings goals and build assets. As you continue to grow your IDA, you will continue to:

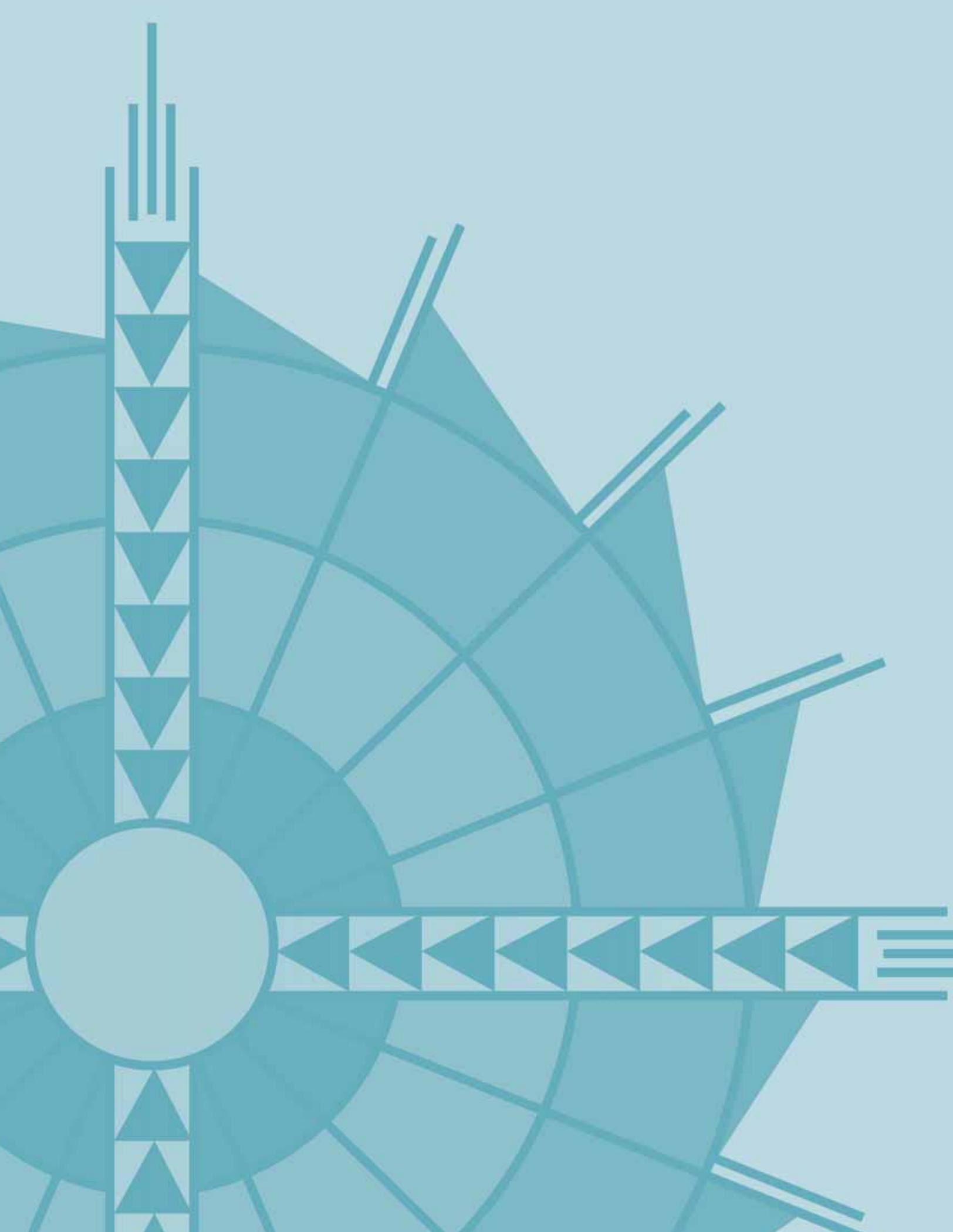
- Define your goals
- Develop and adjust your saving plan to meet your goals
- Save for your goals

You have an exciting future ahead of you. You should be congratulated for your bravery, your dedication, and your commitment to your goals. You are a future business owner in your community, or a future homeowner, or a future leader or teacher. You are playing an important role in strengthening the fabric of your community, and contributing to the vitality of your economy. Good luck and best wishes for the future!

“Native America must begin to think more creatively and strategically with regard to training its future leaders. When that day occurs, when Indian peoples wrest control of their assets, then Indian Country will, more than ever, need a new breed of entrepreneurs – young leaders willing to commit themselves to a wave of business and social innovation.

These entrepreneurs will be entrusted to retain current for-profit and nonprofit institutional assets, and create new ones for their communities that would not otherwise exist. They will be entrusted to maintain and leverage the financial and social assets accumulated by those who pioneered the emerging diversified reservation economies.”

– Michael E. Roberts, President, First Nations Development Institute



Assets – Assets are anything that has value. When talking about assets in this workbook we are usually referring to savings, resources, or property that increase in value over time and can help you and your family achieve financial stability. Some examples are things like houses, small businesses, or education.

Dentalia – Dentalia is a shell that can be found in only one place in the entire world, off the west coast of Vancouver Island, in Canada. Harvested from Vancouver Island, it was used as a medium for trade, like money. Tribes all down the west coast of North America, including tribes in Washington State, Oregon, and California used dentalia as a form of currency. Dentalia was personal property that was highly valued and traded by many Indians. Many tribes and non-Indians used dentalia exactly as we use money today, to buy goods and services. The Yurok tribe in California bought tobacco with dentalia shells, and the Chinooks, Kalapuyans, Siuslawans, Coosans, and Tillamooks of Oregon and Salish all used dentalia as money. Hupa men would wear Elkhorn purses to carry their ornately carved dentalia shell money.

Equity – Equity is like cash in the bank. It is the value of property beyond the amount owed on it. You can use equity at any time to borrow additional money or to pay off expenses. If you are paying a mortgage on a house, equity is the difference between what you owe on your house and what the house is currently worth. For example, if a house is valued at \$70,000 and you still owe \$60,000, the equity is \$10,000 which is 14% of the house value.

Financial Education – Financial education is a type of education that helps people learn how to use money responsibly – how to budget, save, and use credit. Most financial education programs help people learn to work with banks to open savings and checking accounts, and help people learn how to take out loans and use credit cards responsibly. A lot of financial education programs also help people clean up their credit records and learn to budget so they can save money to pay off debts or invest in assets such as a home or a business.

IDA – Individual Development Account. An Individual Development Account program is a savings plan designed to assist people in saving to achieve their goals. Working with a local community organization, tribal housing authority, or other agency, you can open a savings account into which you can deposit a certain amount of money every month, and this money will be matched with private or public money. Working with the IDA staff, you will usually take financial education classes, and work on money management skills and credit repair. At the end of your savings period, you are required to spend the money on an approved asset-building goal, such as starting a business or buying a home.



Investments – According to the dictionary, an investment is “property or another possession acquired for future income or benefit.” Basically, an investment is something you spend money, time, or other resources on because you hope it will pay off in the future.

Leverage – If you are leveraging something, you are usually using one thing to build another. Assets can help you leverage additional opportunity. If you further your education, this may help you increase your income. With your increased income, you may be able to start a family business or buy a home.

Wampum – Wampum is a manufactured belt of seashells, and was used by many tribes in pre-contact times and after, and later was used by Europeans as money to buy and sell goods. Wampum was produced by Indians in Long Island, Connecticut, and Rhode Island, and later White traders took wampum in trade and traded it with inland and northern Indians for furs. Wampum was used regularly for years after that, and it is reported that wampum was even used for a time to pay tuition at Harvard.



The Commemorative Quilt of the National Museum of the American Indian, 1997. This commemorative quilt was made by 20 Native artists in honor of the exhibit, "To Honor and Comfort: Native Quilting Traditions." The purchase of the quilt by the National Museum of the American Indian was made possible by a major grant from the Metropolitan Life Foundation. Native quilters from North America and Hawaii were asked to submit a block of their own design to this unique quilt. Ina McNeil (Hunkpapa Lakota) and Margot Cohen assembled and quilted the blocks.

Each row is numbered from left to right starting with the top left corner.

- | | |
|--------------------------------------|--|
| 1. Paula White, Chippewa | 11. Nancy Naranjo, Eastern Cherokee |
| 2. Mary Bighorse, Osage | 12. Harriet Soong (Hawaiian) |
| 3. Ina McNeil, Hunkpapa Lakota | 13. Shirley Grady, Mandan/Hidatsa/Sioux/Crow |
| 4. Margaret Wood, Navajo/Seminole | 14. J. Carole Stewart, Creek |
| 5. Anastasia Cooke Hoffman, Yup'ik | 15. Alice Olsen Williams, Anishinaabe |
| 6. Gussie Bento, Native Hawaiian | 16. Rita Corbiere, Ojibwe |
| 7. Judy Toppings, Ojibwe | 17. Marlene Sekaquatewa, Hopi |
| 8. Share Bonaparte, Akwesasne Mohawk | 18. Ollie Napesni, Lakota Sioux |
| 9. Lula Red Cloud, Oglala Lakota | 19. Virginia Osceola, Seminole |
| 10. Conrad House, Diné/Oneida | 20. Bernyce (B.K.) Courtney, Wasco/Tlingit |

