



# ASSET BUILDING

## An Effective Poverty-Reduction Strategy

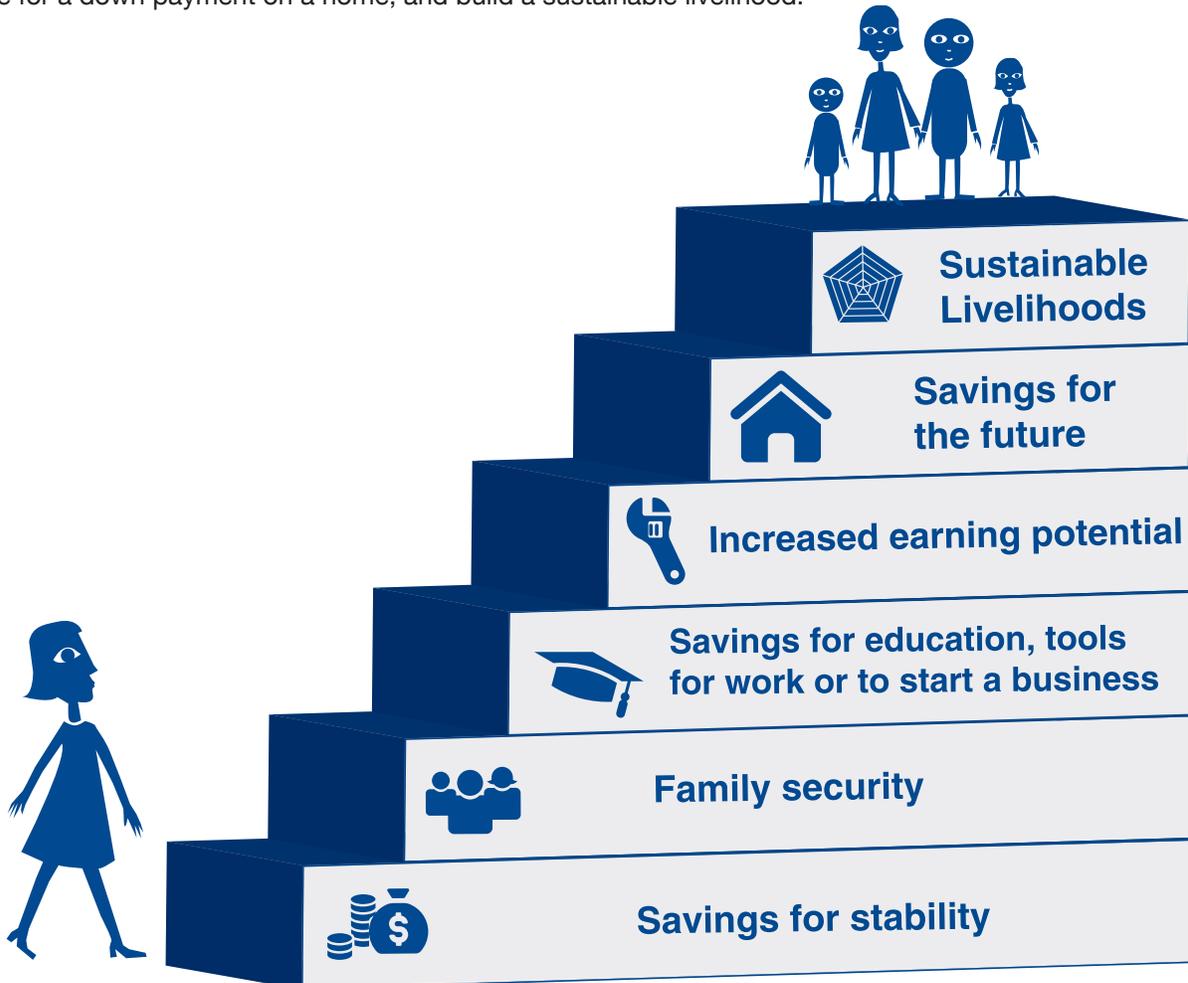
### CANADIANS & ASSET BUILDING

Canadians are more in debt than ever before<sup>1</sup> and over 50% of Canadians are Asset Poor.\*<sup>2</sup>

While many families who live on low incomes struggle to meet basic needs,<sup>3</sup> they miss out on opportunities to save and invest - opportunities that are critical in overcoming poverty.<sup>4</sup> Without income, people are unable to get by and without assets, people are unable to get ahead.

**At Momentum, we call opportunities to save or invest, Asset Building.**

With financial assets, individuals can pay down debt, save more, earn a good credit rating, save for a down payment on a home, and build a sustainable livelihood.<sup>3</sup>



\*A household is considered Asset Poor if they do not have sufficient assets to survive at the poverty line (or low income cut off - LICO) for 3 months.

# How Assets Work

## 1. BOUNCING BACK

Having emergency savings or other liquid assets is especially important for those living on low incomes with a tight budget who have fewer opportunities to access credit.<sup>5</sup>

For example, if a person who loses their job has emergency savings, they would be able to continue paying their bills while they looked for a new job.

## 2. TAKING RISKS THAT PAY OFF

Savings and assets open the door to new sources of income, opportunities for education and development, and productive risk-taking,<sup>4</sup> such as starting a small business.

## 3. BUILDING A BRIGHT FUTURE

When people build assets, they are encouraged to plan for the future, developing human potential and further assets.<sup>6</sup>

For families living on low incomes, saving promotes upward economic mobility for parents and children.<sup>7</sup> For example,

purchasing a home helps build good credit which can then be leveraged for other assets, such as further education.

Children with savings accounts in their name, like RESPs, are six times more likely to attend college or university.<sup>8</sup> This additional education often becomes a means of escaping poverty.

## 4. GAINING CONFIDENCE & HOPE

Matched-savings programs are a key asset-building strategy that allows individuals living in poverty to gain greater financial independence.

Momentum currently operates five matched-savings programs that help Calgarians living on low incomes build assets. Participants learn financial literacy skills while building their social networks, gaining confidence<sup>6</sup> and building their savings. The money they save is then matched by the program.

## Momentum in Brief

Momentum is a community economic development organization that partners with people living on low incomes to increase prosperity, and inspires the development of local economies with opportunities for all.



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