

Promoting Savings and Financial Security for California Families

OVERVIEW

The current economic downturn, triggered in part by excessive household debt and deflating housing prices, underscores the central role asset ownership plays in the economic security of California families and the broader economy. Yet, half of all Americans currently have few or no assets, in part due to policies that encourage savings and wealth accumulation that benefit the upper half of earners. The purpose of New America's Asset Building Program, is to significantly broaden savings and assets ownership in America, thereby providing all Americans with both the means to get ahead and a direct stake in the overall success of our economy.

WHY PROMOTE ASSET BUILDING POLICIES IN CALIFORNIA?

Broad asset ownership has the potential to connect opportunity with economic security. While the need to broaden asset ownership is great, the promise is even greater. Those with assets not only have brighter economic prospects, they are more productive citizens. Research finds that when families—including very poor families—own assets (as distinct from income), they are more likely to work harder, enjoy better physical and mental health, make educational plans for their children, feel more confident about and in control of their future, and be involved in their community and in political affairs.

WHAT IS THE "ASSET GAP" IN CALIFORNIA?

The need to spur widespread asset ownership in California is immense. Over 30 percent of California households would only last three months out of poverty if they were forced to deplete all of their assets. That is more than twice California's "official" poverty rate of 12 percent — and possibly more consequential. When families don't have enough assets, they may be one medical emergency or layoff away from government dependence. Nor can they send their kids to college, start a business, reduce or manage their debt, build up savings, or secure a nest-egg for retirement.

HOW CAN ASSET-BUILDING POLICIES HELP ALL CALIFORNIANS?

Asset-building policies provide a rare political opportunity for bipartisan cooperation to address stubborn poverty issues with initiatives that emphasize personal responsibility. Asset-building includes a range of simple proposals that can have broad, deep and immediate impact with little cost; and others that, with a modest investment, would radically transform the long-term economic outlook for California's children from one of uncertainty to sustained prosperity.

For additional information, visit www.newamerica.net/programs/asset_building/california_asset_building or contact:

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