

Increasing Women's Financial Literacy and Asset Development

Long-term improvement in women's economic security requires asset accumulation. While saving is not easy for anyone, it is more difficult for women and families with middle to low incomes. The reasons for this include having fewer resources relative to subsistence requirements and lack of access to key mechanisms that subsidize saving especially tax policies that allow greater deductions for those who hold assets, such as homeowners. In addition, scarce resources and restricted access may push saving out of their world view resulting in a lack of adequate information about and access to basic financial services.

Sixty-four per cent of female-headed households are asset-poor (meaning that their financial reserves are insufficient to support them at the poverty level for 3 months should their regular income source become unavailable). This has serious implications for women's economic security. In order for women and their families to achieve lasting economic security, their opportunities to build and retain assets must be improved.

The Issues

To assist women and their families build assets the range of issues to be addressed must include those that eliminate barriers and provide incentives to asset accumulation, and those that establish protections and afford resources to all levels of asset holders.

The issues include:

- **Financial Literacy**
- **Individual / Family Development Accounts / Savings Incentives**
- **Eliminating Deterrents to Asset Building**
- **Asset Protection**
- **Retirement and Social Security**

Priority Recommendations

Financial Literacy

- Require financial literacy education for all students, at every grade from kindergarten through twelfth grades.
- Require and fund financial literacy education components in all adult workforce development and training programs.
- Promote financial education for families receiving public assistance.
- Recognize participation in financial literacy training as an approved work activity for meeting the 30-hour/week work requirement for TANF recipients.

- Develop a specific training program to teach financial literacy to social services caseworkers.

Individual / Family Development Accounts/Savings Incentives

- Expand Individual / Family Development Account (I/FDA) asset goals to include:
 - Supplementing retirement
 - Savings for children
 - Add retirement equity as one of the approved goals for an FDA.
- Enact refundable Earned Income Tax Credit (EITC) tax credits.
- Link asset incentives to the Earned Income Tax Credit (EITC). Support community-based programs that offer taxpayers the option of opening a low-cost account in which to deposit all or part of the refund.
- Facilitate employer-based I/FDA programs.
- Encourage participant direct deposits into I/FDAs
- Establish a children’s savings account program that promotes savings behavior early in life.
- Encourage greater participation in College Savings Plans. Increase low-income families’ access to the Section 529 college savings plans, by facilitating rollovers from FDAs in 529 plans.

Eliminate Deterrents to Asset Building

- Enact “lifeline” banking legislation requiring state-chartered banks to offer a low-cost account. Authorize state banking authorities to monitor, and when appropriate, regulate fees to ensure access for low-income individuals.
- Enact State Community Reinvestment Act (CRA) legislation that applies to state-chartered banks, with the aim of enhancing deposit services and credit provision to low- to moderate-income families.
- Eliminate the asset test for MaineCare receipt.

Asset Protection

- Increase income eligibility guidelines for MaineCare particularly the elderly and people with disabilities.
- Extend the duration of Transitional Medical Assistance (TMA) for more than the federally mandated six months when a family’s income rises above Maine’s MaineCare income-eligibility thresholds because of higher earnings.
- Expand the State Children’s Health Program to cover parents of children covered by MaineCare or S-CHIP.

- Provide continued coverage for workers, especially older workers, who lose their health insurance when they are subject to plant shutdowns and downsizing.
- Provide family leave benefits to help families when they must take essential time-off.
- Encourage small businesses to offer health insurance to their employees through direct subsidies to reduce the cost of employer-provided coverage, tax credits for employers newly offering coverage, and strategies to maintain the affordability of coverage.
- Increase the UI wage replacement rate and expand eligibility.
 - Require a minimum number of hours worked rather than an earning threshold
 - Adopt the “alternative base period” that counts more recent work history
 - Permit part-time work search
- Expand the property tax circuit breaker program so fixed and low-income homeowners can afford to remain in their homes in the face of rising property tax rates.

Retirement and Social Security

- Include a “family service credit” to include time out of the workforce caring for family when calculating Social Security benefits.
- Redesign Social Security’s benefit structure so that the lowest paid workers receive benefits that replace a higher proportion of their earnings than do higher-wage workers.
- Increase the widow’s Social Security benefit to 75% of the couple’s combined benefit.
- At the time of divorce, consider all pension benefits as joint assets and marital property.
- Require retiring workers to opt for the “joint and survivor” benefit option unless it can be proven the widow would have adequate income on her own.