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**\$ave Michigan Bill Would Reduce Poverty and
Help Workers Avoid Bankruptcy**
Money Smart Week Highlights Need for Financial Security

Lansing, MI – As communities across the country observe Money Smart week, State Representative Jim Ananich (D-Flint) is pushing legislation to create \$ave Michigan, a matching grant program that rewards Michigan taxpayers who save a portion of their federal tax refund. The legislation, HB 4342, is modeled after the success of [\\$ave USA](#) which was available to residents of New York City, Newark, New Jersey, San Antonio, Texas and Tulsa, Oklahoma and would support thousands of Michigan families who are living paycheck to paycheck and help them avoid financial insecurity.

“Too many people are just one emergency away from losing everything and getting trapped in a cycle of debt and poverty,” said Ananich. “The best way to achieve lasting financial security is through saving and investing in the future and this legislation will help Michigan’s hard working families attain this goal.”

Under the \$ave Michigan bill, eligible Michigan taxpayers would be able to receive a 50 percent match, up to \$250, when they save a portion of their federal income tax return for at least twelve months. The money would be deposited into a qualified savings account at a bank or credit union and would earn interest in addition to any match. The legislation is modeled after the 2011 [\\$ave USA](#) pilot during which nearly 1,500 low-income households were able to save an average of \$555 at tax time. At the end of twelve months, 73% of these savers were eligible to receive a match resulting in an average of \$902 saved.

“No longer is having a job and a paycheck enough to get ahead, you need liquid assets and savings.” said Ross H. Yednock, Program Director for the Michigan Economic Impact Coalition at the Community Economic Development Association of Michigan. “Representative Ananich’s \$ave Michigan plan provides an opportunity for Michigan

policymakers to adopt policies that help support, rather than hold back, our families and communities as they work to rebound from the Great Recession.”

The legislation addresses the high level of “liquid asset poverty” in Michigan that was reported in the 2013 Asset & Opportunity Scorecard released by the Corporation for Enterprise Development (CFED). According to the CFED, two in five Michigan residents are living on the edge of financial disaster with almost no savings to fall back on in the event of a job loss, health crisis or other income-depleting emergency. These families, defined as “liquid asset poor,” lack adequate savings to cover basic expenses at the federal poverty level for just three months if they suffer a loss of income.

It is estimated that the United States spends more than \$400 billion a year on policies that encourage taxpayers to save and invest money and build wealth. Most of these policies are in the form of tax incentives like the mortgage interest deduction, deferred taxes on 401ks and IRAs. More than 90 percent of the spending on these policies goes to households earning in excess of \$50,000 a year. The \$ave Michigan legislation is targeted to at families earning less than \$50,000 a year.

Published annually, CFED’s Assets & Opportunity Scorecard offers a comprehensive look at Americans’ ability to save and build wealth, fend off poverty and create a more prosperous future. The Scorecard compares how well residents are faring in the 50 states and the District of Columbia and assesses policies that are helping residents build and protect assets across five areas: Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care and Education. In the 2013 Scorecard, Michigan ranked 26th in the country in the ability of residents to achieve financial security.

The [Michigan Earned Income Coalition \(MEIC\)](#), a program of the [Community Economic Development Association of Michigan \(CEDAM\)](#), unites individuals, organizations and local initiatives committed to supporting tax credit and asset building opportunities for Michigan families through improved access to free, quality, income tax preparation assistance. CEDAM is a nonprofit membership organization that represents hundreds of individuals and organizations committed to revitalizing and rebuilding Michigan through community economic development. For more information about CEDAM, visit [cedam.info](#). For more information about the MEIC, visit [meic.cedam.info](#).

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To learn more about Money Smart Week, visit: <http://www.moneysmartweek.org/>

To read the 2013 CFED Scorecard, visit: <http://assetsandopportunity.org/scorecard>.

To read Michigan’s 2013 CFED Scorecard, visit:

<http://scorecard.assetsandopportunity.org/2013/state/mi>

To read about the 2011 \$ave USA pilot, visit:

http://www.nyc.gov/html/ofe/downloads/pdf/SaveUSA_Implementation_Brief.pdf