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# Survey of former IDA Program Participants: How do they fare?

Presented by

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The financial support of the Ohio CDC Association and  
Ohio State University Extension is gratefully acknowledged.

## EXECUTIVE SUMMARY

This research contributes significantly to our current understanding of the long-term impact of Individual Development Account (IDA) program participation on the economic, social, and psychological well-being of former participants. Specifically, the study seeks to answer three specific questions:

1. Does IDA program participation help individuals achieve long-term savings?
2. What factors affect long-term savings?
3. How do successful program participants differ from those who left the program prior to completion?

Made possible through the financial support of the Ohio CDC Association and Ohio State University Extension, a survey of all former IDA program participants of agencies affiliated with the Ohio CDC Association was conducted.

- Eligible respondents were any IDA program participant who had saved in an Individual Development Account since the programs inception in 1999, including successful graduates and former participants who left the program prematurely.
- A total of 465 former program participants were contacted by mail and invited to participate in a paper-and-pencil survey.
- The questionnaire, mailed in April 2007, consisted of 26 questions (19 questions for program dropouts).
- A total of 164 individuals (or 43% of successful contacts) completed the survey.

Key findings are:

1. Compared to program dropouts, successful graduates reported in the survey a higher annual household income, more likely being full-time employed, more likely owning a checking account, an investment account, credit cards, and a mortgage. Importantly, IDA graduates had significantly higher post-program savings than dropouts.
2. Of the respondents who graduated from the IDA program, all but one still owned the home purchased with the IDA funds.
3. Of the respondents who saved for higher education, only two left their educational program without a degree.
4. Three-quarter of respondents who saved to open a small business were able to sustain it.
5. Program graduates reported only slightly higher tenancies towards future orientation, ability to control impulsive behavior, and capability to attain goals. They experienced marginally less financial strain and lifestyle deprivation.
6. The majority of both program graduates and dropouts were the primary financial decision makers for their household.
7. Inquiring about the past and future financial situation, program dropouts reported a significantly more positive outlook toward their financial future.
8. Taking into consideration the demographic, socio-economic, and program-specific measures of the survey, respondents who reported higher household savings, owning a mortgage, and having higher levels of formal education had more likely successfully graduated from the IDA program.

9. Survey participants with higher household savings were, in order of significance, more likely to own an investment account, be white, have graduated from the IDA program, have children under 18 living in their households, be more considerate of the future consequences of their actions, and be employed full-time.
10. Examining predictors of household savings for the group of successful IDA program graduates, higher savings were, in order of significance, related to owning an investment account, being white, experiencing less financial strain, having children under 18 living in their households, being more considerate of the future consequences of their actions, and being unmarried.

These key findings lead to the following recommendations for program development strategies to further household savings after people leave the IDA program:

1. *Provide extra support to minorities and people with job problems.*  
Our findings show that non-white respondents and those with less than full-time employment are less likely to accumulate savings after they left the IDA program.
2. *Teach participants the importance of opening an investment account for long-term savings.*  
Owning an investment account was the most important predictor of post-program household savings. The IDA program providers may consider providing information about employer-sponsored retirement plans and investment accounts at low-cost investment houses during their financial education and counseling sessions.
3. *Emphasize the importance of consideration of future consequences.*  
Respondents who believed certain economic behaviors are worthwhile because of future benefits, even if immediate outcomes are relatively undesirable or even if there are immediate costs, were able to accumulate higher household savings. IDA programs may develop strategies to train participants the skills to forfeit immediate benefits like convenience or pleasure to achieve more desirable future states.
4. *Teach skills that help cope with situations of financial strain.*  
Among successful program graduates, those who had strong feelings of financial strain were less successful in accumulating savings. IDA programs may offer trainings to participants that develop participants' skills in coping with perceptions of inadequacy with their financial position and with financial concerns and worries.
5. *Encourage formal education.*  
A significant predictor of program graduation was the level of formal education. IDA programs may consider providing information about financial aid and economic access programs to their program participants as a part of their regular financial education and counseling sessions.

Limitations of the study:

Only 35 percent of all former IDA program participants of the Ohio CDC Association participated in the here presented survey. Readers need to be aware that our findings may not correctly represent the situation of the whole group of former IDA program participants.