

Household Financial Security Framework

LEARN

Knowledge and skills that enable navigation of and success in markets (labor, financial) have a direct bearing on financial security

- **K-12 & Postsecondary Education:** Basic literacy and math skills, plus commitment to lifelong learning are critical for employment and advancement
- **Financial Education & Counseling:** Timely, relevant, accurate information on basic budgeting, taxes, financial products and services, and use of credit
- **Asset-specific Education:** Preparation for homeownership, business ownership, postsecondary education, and financial investments

Assets can increase income and earning capacity

EARN

Wage Income
+ Business Income
+ Public & Employee Benefits
+ Tax Credits
+ Investment Income

= **Income**

Ability to Maximize Income Depends On:

- Access to **reliable basic goods and services** (housing, transportation, medical care, child care, food)
- Available quality **job and business opportunities**
- Access to **public benefits and tax credits** (e.g., EITC, Child Care)
- **Asset ownership** (higher education, home, business, financial investments)
- **Knowledge and skills** related to work, taxes and benefits

SAVE

Income
- Current Consumption
- Debt Payments

= **Savings**

Ability to Save Depends On:

- Access to **affordable basic goods and services** (housing, transportation, medical care, child care, food)
- **Debt reduction**
- Convenient, low-cost **financial products** (transaction and savings vehicles, credit and insurance products)
- Convenient, affordable **financial structures** (e.g., direct deposit, automatic enrollment, online banking, bank location)
- **Knowledge and skills** related to money management, financial products, and credit building and repair

INVEST

Savings
+ Borrowing
+ Public Incentives

= **Assets**

Ability to Build Assets Depends On:

- **Price and appreciation of assets** (higher education, home, business, financial investments)
- **Affordable financing**
- Access to **public incentives** (e.g., downpayment assistance, gov't loan guarantees, tax incentives, Pell Grants, IDA/CSA match)
- **Knowledge and skills** related to asset purchase and management

PROTECT

Gains must be protected against loss of income or assets, extraordinary costs, and harmful or predatory external forces

- **Insurance (public or private):** Protects against loss of income or assets as well as against extraordinary costs (e.g., unemployment, disability, life, health/medical, property)
- **Consumer Protections:** Protect consumers from discriminatory, deceptive and/or predatory practices (e.g., redlining, predatory mortgage lending, payday lending, banking practices)
- **Asset preservation:** Depends on government policies (e.g., community investments, blight ordinances, foreclosure prevention) and market conditions