

Facilitating Savings and Asset Ownership among Domestic Violence Survivors

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Introduction

Low-income women face significant challenges to building financial security, as they often lack resources, knowledge, and access to financial services. For survivors of domestic violence these challenges are multiplied by the circumstances that arise when dealing with an abusive partner and the often negative economic consequences that follow after leaving an abusive relationship (Sanders, 2007). In addition to the more commonly recognized physical, sexual, verbal, and emotional forms of abuse, women who experience intimate partner violence (IPV) are often subjected to economic abuse. Abusive partners commonly isolate women from financial resources and engage in tactics that prevent women from gaining economic independence. One tactic includes preventing women from working or continuing their education (Moe & Bell, 2004). Other examples include retaining total control of household financial resources and incurring debt in women's names while excluding them from joint ownership of credit building tools such as homeownership and savings accounts (Patacek, 1997; Sanders, 2007).

Economic dependence is a primary reason why women stay with or return to abusive partners (Barnett, 2000). Thus, promoting strategies to increase women's economic options and independence is a critical component in addressing IPV. Historically, domestic violence services and policies have emphasized crisis shelter, legal assistance, and individual counseling (Farmer & Tiefenthaler, 2003, Davis & Hagen, 1992). While critical, a similar emphasis

has not been placed on policy and funding to support economic security initiatives for domestic violence survivors. Only recently have saving and asset development approaches to welfare started to emerge within domestic violence service provision. These initiatives typically involve economic empowerment programs aimed at improving women's economic literacy, savings, and asset accumulation (Sanders & Schnabel, 2006; Postmus, 2010).

Individual Development Accounts (IDAs) are perhaps the most common approach to promoting savings and asset accumulation among low-income households (Sherraden, 1991). IDAs are matched savings accounts for low-income individuals. Participants earn matched contributions on their monthly deposits that can then be used for qualified asset purchases, which generally include the purchase of a home, post-secondary education, and microenterprise development. IDA initiatives for survivors of domestic violence are on the rise (see for example Redevelopment Opportunities for Women's Economic Action Program (REAP) <http://www.row-stl.org/Content> and the Kentucky Domestic Violence Association www.kdva.org). IDA participants work with an advocate to set an overall savings goal and a monthly savings goal. IDAs support financial capability among survivors of domestic violence by encouraging short-term savings and longer-term asset development.

The Importance of Promoting Savings and Asset Building

Why do savings and asset development matter? Research on savings and assets suggest they have positive effects beyond those of income alone (Schreiner & Sherraden, 2007). These effects include important economic (e.g. assistance through a financial crisis), psychological, and social (e.g. hope for the future, enhanced child welfare) benefits (Scanlon & Page-Adams, 2001). On average, women, particularly single heads of households, have lower wealth than men (Sanders & Porterfield, 2010; Conley and Ryvicker, 2005). Not only do low-income women lack the subsidies for saving that their higher income counterparts enjoy (e.g. tax expenditures such as the mortgage interest deduction and tax-favored retirement accounts), but they may also be discouraged from saving and accumulating assets due to the asset limits in place for various forms of public assistance such as cash assistance, subsidized housing, and Medicaid (Sherraden & McBride, 2010).

Savings and asset accumulation may have unique implications for survivors of domestic violence. For example, IDAs (and the economic education that generally accompanies them) may enable women to exercise greater control over their own finances, become more economically secure, and become less dependent on an abusive partner (Sanders, 2007, 2010, Sanders, Weaver & Schnabel, 2007). Saving and asset building can potentially improve women's quality of life, and possibly their safety, through a variety of channels. Access to education, job training, or microenterprise development may improve job stability and earning potential (Pandey, Zahn, Neely-Barnes & Menon, 2000). Purchasing a home may result in greater residential stability (Scanlon, 1998). Having access to emergency funds through a savings account may prevent a woman from returning to an abusive partner (Sanders 2007). Despite these hypothesized benefits of IDAs, research on the actual benefits of savings and asset accumulation among

survivors of domestic violence remains quite limited.

One of the most important implications of promoting saving and asset ownership among survivors of domestic violence relates to women's safety. This is where domestic violence advocates and service providers are in a unique position to develop and implement IDA programs with the specific needs of survivors in mind. One might posit that improving the economic security of women would decrease their level of economic dependence on an abusive partner and provide more resources to leave an abuser. However, competing theoretical hypotheses and mixed research findings reveal the complicated relationship between economic status and IPV.

Several studies suggest that when women's economic status (e.g. employment, income, external financial support) equals or exceeds that of a partner, levels of IPV decrease (Gibson-Davis, Magnuson, Gennetian, Duncan, 2005; Tauchen, Witte, & Long, 1991; Farmer & Tiefenthaler, 1997, 2003). Alternatively, other studies have found that batterers may oppose and feel threatened by women's efforts to obtain or maintain financial independence. This dynamic may result in escalated violence (Moe & Bell, 2004; Macmillan & Gartner 1999). Thus, while survivors of domestic violence stand to benefit from the economic, psychological, and social benefits of saving and asset ownership, facilitating these outcomes must be approached with safety as a central component.

The Effects of IDA Programs for Survivors of Domestic Violence

To date, only one IDA program designed for survivors of domestic violence appears to have been systematically evaluated (Sanders, 2007, 2010). In 2007, Sanders conducted qualitative interviews with 30 early participants of REAP's economic education and IDA program. REAP emerged from a community collaborative of 13 domestic violence organizations and three homeless service agencies that began working

together in 2000 to develop economic services for low-income domestic violence survivors in the St. Louis, Missouri region. This collaboration culminated in the creation of financial and economic development services including economic education and credit counseling; women's IDAs; and economic advocacy and support services (REAP 2005). These interviews allowed women to share their experiences with REAP and their thoughts on the perceived effects of participating in the program. Women were asked separately about their experiences in the IDA program and with the economic education curriculum. However, given that women participated in both the IDA program and in the economic education program, it was impossible to completely separate the effects of the matched savings component from the effects of the economic education curriculum.

Several key themes emerged from women's responses to the questions about the IDA program. According to those interviewed, key behavioral and psychological/cognitive effects emerged. Additionally, women talked about the potential relationship between savings, asset accumulation, and domestic violence. Reported behavioral changes included creating and sticking to a budget, greater fiscal prudence and financial management, saving more consistently, altering consumer habits, and teaching one's children about saving. Psychological and cognitive effects included greater focus on setting and accomplishing goals, greater self-confidence and self-esteem, and a more hopeful future orientation.

At the time of the interviews, most women had been participating in REAP for less than six months. Thus, how the IDA program would affect their safety remained to be seen. However, many women indicated that while saving and assets may not play a direct role in their safety, they likely play an indirect role. Women noted that the positive outcomes they associated with REAP's IDA program such as improved self-esteem, heightened goal-orientation, and a desire to be financially independent would support their

future safety. As their financial security increased, women believed their safety and ability to avoid IPV would improve. While a seminal study, the exploratory nature of this study prevents it from providing insight into longer-term outcomes including the lasting effects of the IDA program and how the documented outcomes relate to IPV.

In a second study, Sanders (2010) utilizes data on 125 REAP IDA participants' savings deposits, matching funds, withdrawals, and purchases. These data demonstrate that survivors of domestic violence can successfully save and purchase assets. Data for 112 closed accounts and 13 open accounts were analyzed. The average participant saved a total of \$1,310, with an average net savings (total savings minus unmatched withdrawals) of \$1,045. The average total savings accumulation, which includes total participant savings, interest payments, and matching funds (less any unmatched withdrawals), was \$3,041. Seventy-two (64%) accounts closed after women met their savings goal, while 40 (36%) account holders did not meet their savings goal and closed their accounts prematurely. The majority of women (76%) made at least one matched withdrawal, while 24% did not receive matching funds for any withdrawals they made. On average, women made about two withdrawals. Together, matched and unmatched withdrawals resulted in a total of 307 withdrawals, including 189 (62%) matched and 118 (38%) unmatched withdrawals. The mean and median monthly deposits were \$74 and \$49, respectively. On average, women who achieved their savings goal did so in 19 months.

Women used their matched withdrawals for a variety of asset purchases. The majority of matched withdrawals were used to purchase a vehicle or to pay for education. It should be noted that REAP's IDA program is unique in that it provides savings matches for vehicle purchases. Additionally, REAP has secured matching funds to support a limited number of "safety accounts" that provide matching funds for purchases specifically related to safety planning (e.g.

relocation). This has been made possible through the support of local partners that have provided matching funds. Federal matching funds available through the Assets for Independence Act (AFIA) generally do not allow asset purchases other than for a home, education, or microenterprise development. The majority of unmatched withdrawals (with the exception of the safety accounts) made by women were for emergency spending, such as paying bills, or for safety purposes. While these withdrawals prevented women from receiving matching funds or may have interfered with achieving their savings goals, the money from these withdrawals may have prevented them from returning to an abusive partner. Additionally, many unmatched withdrawals were balance withdrawals that closed the IDA account. Forty-two (57%) women who made at least one unmatched withdrawal also received at least one matched withdrawal.

While not all women successfully completed their savings goal or made asset purchases (for a more complete discussion of savings outcomes, see Sanders, 2010), the outcomes are largely positive and promising. This study's main limitation is its relatively small sample size, which inhibits a more robust multivariate analysis to identify factors associated with savings outcomes. Nonetheless, this study provides an unprecedented look at the savings abilities and outcomes of women affected by IPV. Future research is needed to shed light on the long-term effects of savings and asset ownership and to document how participation in a matched savings program affects women's well-being and IPV.

Conclusions

Saving programs such as IDAs have grown and gained substantial policy support during the last two decades (Sherraden & McKernan, 2008). While hundreds of IDA programs exist in the US, relatively few exist specifically for survivors of domestic violence. Additionally, policy restrictions on the use of federal matching funds, as well as asset limit tests associated with public welfare programs, present obstacles to advancing savings among low-income survivors of domestic violence. Savings and asset accumulation strategies have potential implications for women's long-term economic stability and their safety. Domestic violence programs are in an important position to advance IDAs or other saving initiatives for survivors. Safety issues and planning must be key components in any attempt to advance the economic well-being of women affected by IPV (Sanders, 2007). The dearth of research in this area serves as a call for more rigorous analyses in the future.

As savings initiatives on behalf of survivors of domestic violence are pursued, the practical implications of program development should also be considered. Examples include the costs of raising local matching funds in order to qualify for AFIA funds and to meet the unique needs of survivors (e.g. raising funds to match withdrawals for vehicle purchases); the costs of adding dedicated staff time to support case management and savings goal attainment; and the readiness of participants for such initiatives (Sanders & Schnabel, 2006).

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