D2D Fund: Bringing Dreams to Reality in the Low-Income Marketplace

Analyst Author:
Matt Schott
Senior Analyst
Mar 2006
Reference # V46:25O

TowerGroup Take-Aways
• Historically, the lowest-quintile US household by income has not been targeted by financial services institutions (FSIs) because its median net worth is too low, today $7,900, only 21% of the second lowest quintile and 13% of the third-lowest quintile.
• D2D Fund is a not-for-profit organization focused on innovations that enable FSIs to service the low-income market with offerings that are profitable for the institution and financially beneficial to the customer.
• Individual Development Accounts (IDAs) are designed to provide asset-building account access and matching funds that accelerate savings of low-income households toward the goal of home ownership, postsecondary education, or small business formation.
• D2D Fund has worked with SunGard to modify SunGard's OmniPlus defined contribution record-keeping system so as to create Online IDA, a tool for administering IDAs, and bring efficiency, scalability, and broad market reach to this asset-building product.
• The Savings for Working Families Act of 2005, if passed, will provide matching funds and operational funding that promise to jump-start mass marketing of IDAs across the United States and bring 900,000 low-income families into the economic mainstream.

Report Coverage
"'Tis money that begets money," says an old English proverb. Low-income households, with their paychecks quickly drained by daily living expenses, have difficulty building assets. With little excess money, these households attract little attention from financial institutions. A not-for-profit organization called D2D Fund (Doorways to Dreams Fund) is taking a collaborative approach to innovation with a mission to bring affordable financial services, especially asset-building opportunities, to low-income households. This TowerGroup Research Note examines the challenge of bringing financial services to low-income households and investigates a promising asset-building opportunity provided by Individual Development Accounts (IDAs). It provides an in-depth case study of D2D Fund's efforts to create a Web-based record-keeping system for IDAs that will deliver operational efficiencies and extend the reach of IDAs to potentially millions of participants.

Financial Services Serving Low-Income Households
All businesses in a capitalist economy grow income and stockholder value by increasing revenues and reducing expenses, including labor costs. The imperative for businesses to minimize costs leads them to pay differentiated labor rates for different tasks. Each business seeks to optimize labor costs based on the value received from each employee and the desire to continue receiving that value by retaining each employee's services. Thus, disparity of incomes is inherent in the nature of a capitalist society.
Businesses also seek to optimize revenue and expense by attracting the customers that will generate the most revenue for the least cost. For many financial services institutions (FSIs), the focus is on consumers with higher incomes, who are more likely to have dollars remaining after daily expenses are met. Transaction-oriented accounts with fees are the primary financial services offerings targeted to low-income customers, and FSIs tend not to expend sales and marketing dollars actively targeting this segment.

A capitalist economy offers its citizens the opportunity to own and accumulate assets. The difference in income levels inherent in a capitalist economy is a major determinant driving a family's ability to acquire assets and increase net worth. Exhibit 1 shows the median stock-holdings value and net worth for various family income quintiles and deciles as calculated in 1992, 1995, 1998, and 2001. As expected, the charts show a clear relationship between income and growth in stock holdings and net worth. By extension, low-income households are the least likely to be targeted for asset-building opportunities offered by banks, brokerage firms, and insurance companies.

### Exhibit 1


<table>
<thead>
<tr>
<th>Income Percentile</th>
<th>Median Family Stock Holdings (Dollar Amounts in 2001 USD)</th>
<th>% Change 1992 to 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest 20%</td>
<td>$9,900  $4,300  $6,400  $7,000</td>
<td>-29%</td>
</tr>
<tr>
<td>20–39.9%</td>
<td>$4,900  $7,300  $10,900  $7,500</td>
<td>53%</td>
</tr>
<tr>
<td>40–59.9%</td>
<td>$6,200  $7,200  $13,100  $15,000</td>
<td>142%</td>
</tr>
<tr>
<td>60–79.9%</td>
<td>$10,100  $14,500  $20,400  $28,500</td>
<td>182%</td>
</tr>
<tr>
<td>80–89.9%</td>
<td>$17,500  $26,300  $49,000  $64,600</td>
<td>273%</td>
</tr>
<tr>
<td>90–100%</td>
<td>$58,800  $68,300  $146,500  $247,700</td>
<td>321%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income Percentile</th>
<th>Median Family Net Worth (Dollar Amounts in 2001 USD)</th>
<th>% Change 1992 to 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest 20%</td>
<td>$4,900  $6,500  $6,300  $7,900</td>
<td>61%</td>
</tr>
<tr>
<td>20–39.9%</td>
<td>$34,400  $38,700  $36,100  $37,200</td>
<td>8%</td>
</tr>
<tr>
<td>40–59.9%</td>
<td>$48,900  $53,600  $58,100  $62,500</td>
<td>28%</td>
</tr>
<tr>
<td>60–79.9%</td>
<td>$83,200  $87,800  $122,200  $141,500</td>
<td>52%</td>
</tr>
<tr>
<td>80–89.9%</td>
<td>$142,500  $148,100  $205,200  $263,100</td>
<td>85%</td>
</tr>
<tr>
<td>90–100%</td>
<td>$450,000  $410,200  $492,400  $593,600</td>
<td>85%</td>
</tr>
</tbody>
</table>

Exhibit 1:
Source: TowerGroup based on Federal Reserve Bulletin, January 2003

Over the past several years, advances in data mining, analytics, and self-service technologies have enabled FSIs to segment and target offerings to particular market demographics in order to better manage costs and enhance profits. FSIs have less knowledge of low-income households than of other groups because low-income households are the most likely to avoid or not have convenient access to traditional financial services relationships. According to the Federal Reserve, 12.7% of families in the United States have no checking account and 59.3% of those without a checking account fall in the lowest-income quintile. Many low-income families use alternative financial services options with higher variable costs such as check cashing outlets.

© 2002 - 2006 The Tower Group, Inc. May not be reproduced by any means without express permission. All rights reserved.
Servicing low-income households means administering accounts that are often unprofitable due to high marketing and administrative costs relative to small average account sizes. The host of new compliance considerations that have resulted from increased regulatory scrutiny make smaller accounts even less desirable. Hence, these accounts receive low priority or are designed with account fees that make them profitable for the institution but unpalatable for the consumer.

**D2D Fund and the Challenge to Build Assets**

D2D (Doorways to Dreams) Fund, a 501(c)3 not-for-profit organization, was formed in 2000 with the mission of bringing financial services to low- and moderate-income households. It was started by Harvard Professor Peter Tufano as an outgrowth of research he, Larry Fondation, and Patricia Walker had done in the low-income community of South Central Los Angeles. The organization currently has a staff of two employees. Exhibit 2 shows the mission statement and vision of the D2D Fund. The challenge the Fund faces is to bring reasonably priced financial services to low-income families, who have less ability than others to save in amounts that quickly build wealth, to make their business attractive to FSIs in the current environment. In addressing this challenge, D2D seeks to take advantage of opportunities and overcome constraints inherent in the capitalist system.

---

**D2D Fund: Fostering Asset-Building Opportunities for Low-Income and Moderate-Income Households**

---

**D2D Mission Statement**

The mission of D2D Fund is to expand access to financial services, especially asset-building opportunities, for low-income families by creating, testing, and deploying innovative financial products and services. D2D works with the financial services industry, national nonprofit groups, grassroots community agencies, and public policy organizations to generate promising ideas, pilot test systems and programs, build awareness of the needs and potential of low-income communities, and advocate progressive social and economic policy.

**D2D Vision**

D2D envisions a world where every low- and moderate-income family has access to affordable, quality financial services and, especially, an asset development account. D2D sees such accounts as an essential ingredient for families working to move out of poverty and achieve lasting social and economic stability. By pioneering a technology-based approach to delivering financial services, D2D strives to overcome the entry barriers that have prevented a sustainable market from taking root. Developing viable business models around D2D’s technology demonstrates to financial service firms the opportunity to enter and profit from this market while introducing low-income customers to the innovations that are a central part of the modern economy.

---

Exhibit 2

D2D Fund: Fostering Asset-Building Opportunities for Low-Income and Moderate-Income Households

Source: D2D Fund

D2D Fund's approach has several key aspects. First, the organization acts as a change agent to break down or lower barriers that prevent low-income households from being an attractive and viable market for FSIs. D2D Fund does this by acting collaboratively with FSIs, technology providers, national nonprofit groups, community agencies, and public policy organizations.
serves as incubator and facilitator in bringing together parties with specific expertise so that each can make a small contribution toward evaluating and testing ideas.

The second key to D2D Fund’s approach is a focus on technology. The team actively evaluates current products, operational processes, and distribution mechanisms to assess how they might be reused or adapted to profitably service the low-income market. The solution often revolves around finding ways to modify current technology to squeeze costs out of developing, selling, or servicing the low-income demographic segment.

Another aspect of D2D Fund’s approach is the use of academic resources for access to ideas and lower-cost student resources. Harvard MBA student teams have been utilized to identify and research opportunities as well as to assess and document results of field testing. The D2D approach has also benefited from work done by Professor Robert Merton regarding deconstructing and analyzing financial services institutions from a functional perspective. The concept of Individual Development Accounts (IDAs), which was the focus of D2D Fund’s first technology initiative, also evolved from work in the academic community.

D2D Fund currently has two major initiatives in the low-income market. The first is Online IDA, which is the focus of this TowerGroup Research Note. The second is Refunds to Assets (R2A), an initiative designed to allow tax filers to split their IRS refunds to spur households to save. In 2004, low-income families received $33 billion (USD) in refunds due to the Earned Income Tax Credit. D2D conducted refund-splitting pilots in 2004 and 2005 in coordination with Volunteer Income Tax Assistance organizations. An additional pilot with H&R Block is being conducted during the 2006 tax season. These pilots have shown that refund splitting does facilitate savings. Due to the efforts of D2D and many other organizations, the IRS is targeting 2007 (for tax year 2006) to make refund splitting an integral aspect of tax filing for all taxpayers.

IDAs: Evidence That Low-Income Households Can Save
IDAs are asset-building accounts designed in the late 1980s by Michael Sherraden, a Professor of Social Work and Director of the Center for Social Development (CSD) at Washington University in St. Louis. The basic IDA concept calls for matching the savings of low-income households with matching funds that the households can spend on asset-building opportunities, primarily home purchase, postsecondary education, small business formation, and other approved uses. The IDA concept also requires participants to complete a financial literacy course and a personal savings plan in order to enroll and receive matching funds.

In 1997, the CSD joined with the Corporation for Enterprise Development and 14 community organizations to launch a large-scale test of IDAs. The initiative, called the American Dream Demonstration (ADD), was privately funded by a number of foundations. The program rules varied somewhat from community to community, with match rates from 1:1 up to 6:1. Exhibit 3 highlights some results of the ADD initiative.
Exhibit 3

On average, each community program had almost 170 participants, roughly one-third of whom benefited from matched withdrawals. The matching funds target investment in assets that themselves tend to generate wealth. Home ownership enables families to build home equity, which is the largest contributor to net worth for the majority of families. According to the Federal Reserve's Survey of Consumer Finances, self-employed workers have the highest mean and median incomes. The same survey shows substantial increases in income and net worth in families in which the head of household has postsecondary education.

The American Dream Demonstration provides encouraging evidence that low-income households can save when given access and incentives. However, the process for early programs was primarily paper based, with individual accounts opened for each participant and separate accounts for the matching funds. Thus, it was a costly and inefficient endeavor for both the community organization and the local FSI.

Exhibit 4 provides an overview of the parties involved in a typical IDA program. The Center for Social Development developed a Microsoft Access-based system that ADD used to help program sponsors set up and manage the programs and to provide a central database to research and evaluate results. The system requires either manual entry of financial account data or data downloads from the FSI and does not support multisite integration or participant access via the Internet. Flow of funds is done by check. Further scaling IDA programs to service an estimated 40 million IDA-eligible households would be cost prohibitive without technology innovation.

---

**Evaluation Criteria**

| Evaluation Criteria | Measure
|---------------------|--------
| Number of participants (enrollment lasted from July 1, 1997, to Dec. 31, 1999) | 2,364 |
| Mean monthly household income of participants | $1,406 |
| Average gross deposits during participation (average participation = 24.5 months) | $40/month |
| Average net deposit during time of participation | $19.07/month |
| Average net deposit as percentage of income | 1.6% |
| Average unmatched withdrawal (for use that does not qualify for match) | $451 |
| Average matched withdrawal without the match (participants with at least one matched withdrawal) | $878 |
| Average matched withdrawal with the match (participant with at least one matched withdrawal) | $2,586 |
| Percentage savers (defined as having net savings of $100 or more on Dec. 31, 2001) | 56% |
| Percentage of participants making matched withdrawal | 32%

**Uses of matched withdrawals:**
- Home ownership 26%
- Microenterprise 23%
- Postsecondary education 21%
- Home repair 18%

---

(1) Data from Center for Social Development, Final Report Saving Performance in the American Dream Demonstration: A National Demonstration of Individual Development Accounts
(2) Mean monthly income is 116% of family-size-adjusted poverty guideline

Source: Center for Social Development, TowerGroup

© 2002 - 2006 The Tower Group, Inc. May not be reproduced by any means without express permission. All rights reserved.
Initial IDA Programs Were Paper Based and Lacked Integration and Automation

Online IDA: Expanding Reach and Efficiency

One of the first initiatives undertaken by D2D Fund was to develop technologies to standardize administration to better support the expansion of IDAs. Based on initial success of the American Dream Demonstration, D2D began researching options to improve the efficiencies of operating IDA programs with the hope of expanding availability of IDAs and attracting widespread involvement of financial services institutions. In 2000, D2D began working with SunGard, a major provider of technologies to the financial services industry, to develop a Web-based record-keeping system for IDAs with the name Online IDA.

The partnership between D2D Fund and SunGard blossomed from a "by chance" meeting and conversation at a conference in Switzerland. Exhibit 5 outlines the four-year time line for development of Online IDA. The long development reflects a number of challenges D2D addressed. First, SunGard contributed its efforts pro bono and scheduled the work to coincide with planned development efforts. Second, D2D had to recruit financial institutions and local community organizations to participate in IDA programs and then educate them as to the opportunity and train them in working with IDAs and the new system. As a not-for-profit organization, D2D has not only the vision but also the patience to bring groups together and stay the course to take the idea from incubation to fruition.
SunGard was interested in the project for a variety of reasons. The initiative gave technology vendor the opportunity to showcase the flexibility and scalability of its software to serve a range of enterprises from small to large. SunGard also wanted to test the usability of Web presentation capabilities for participants across a spectrum of financial sophistication. The company places value on working with experts in academia as a source of new ideas and fresh perspectives.

SunGard evaluated its technology offerings and selected its OmniPlus defined contribution record-keeping system as the candidate most applicable to meet the needs of the IDA opportunity. SunGard Omni is the largest provider of retirement record-keeping systems, with over 36 million participants on OmniPlus. OmniPlus was a logical choice because it supported the matching fund concept. It also offered access privileges and reporting at the participant level, plan level, and sponsor level, which closely matched the need for access rights and reporting for IDAs at the participant, community organization, and D2D levels. The initiative was able to utilize current server capacity with disaster recovery capabilities.

With education and design assistance from D2D, SunGard modified OmniPlus to support IDAs. Two developers from the OmniPlus development team spent approximately 1,000 hours modifying the system. At the time, SunGard was in the midst of significant development of Web-based functionality for OmniPlus, so the D2D initiative was easy to assimilate into SunGard’s development plans. In addition to streamlining account maintenance screens to effectively handle workflow for IDA accounts, SunGard used OmniScript to define processing rules specific to IDAs. Finally, an electronic funds transfer system was implemented to move funds among various parties, eliminating the need for checks. Money movement transactions are currently entered into an ACH.
system manually, but there are plans to implement an electronic interface in the future. Exhibit 6 illustrates the new system interfaces.

The standardization and processing efficiencies afforded by Online IDA enable program sponsors to establish and run programs with increased cost efficiency. D2D Fund has estimated that annual account administration costs are $45-50 per account with the new system as compared to $100-200 per account with prior methods. This estimate, based on 3,000 or more participants at a bank, includes fees to SunGard for record keeping, Web functionality, distributions, and 1099s; banks' costs for compliance, custodial account maintenance, and electronic funds transfer (EFT); and payment to D2D Fund for training and supporting sponsors. This level of efficiency will entice more community organizations to consider becoming sponsors. The Web interface will make it easier for national nonprofits with multiple offices to establish programs. Online access extends the reach of programs to more participants. Experience with the pilot programs revealed that participants were able to find computers they could use that had Internet access even if they did not have a computer or Internet access at home. Finally and more importantly, Online IDA significantly increases the likelihood that financial services institutions will get actively involved beyond the pilot program stage. Exhibit 7 outlines the advantages of Online IDA for participants, program sponsors, and institutions.
Online IDA Enhances Accessibility and Efficiency for Participants, Sponsors, and Institutions

Benefits of Online IDA

<table>
<thead>
<tr>
<th>For Participant</th>
<th>For IDA Program Sponsor</th>
<th>For Financial Services Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offers greater choice of programs; eliminates hurdles of time and distance</td>
<td>Eliminates cost and effort to set up in-house system, create data interfaces, and reconcile data</td>
<td>Eliminates cost for data interfaces to program sponsor systems</td>
</tr>
<tr>
<td>Allows participant to initiate contributions via electronic funds transfer and thus save on mailing costs and invest funds more quickly</td>
<td>Reduces data-entry costs because participants have online access</td>
<td>Eliminates cost for maintaining individual accounts</td>
</tr>
<tr>
<td>Enables participant to easily track balances and see value of matching contributions, which leads to persistency of participation</td>
<td>Enables better tracking of participant activities and support of participant savings initiative</td>
<td>Reduces costs by moving funds electronically rather than via check(1)</td>
</tr>
<tr>
<td>Permits matched or unmatched withdrawals</td>
<td>Allows for online review and approval of new accounts and asset purchase requests</td>
<td>Facilitates management through online access to matching fund accounts</td>
</tr>
<tr>
<td></td>
<td>Provides greater program control and oversight via reporting</td>
<td></td>
</tr>
</tbody>
</table>

(1) According to Federal Reserve figures, in 2003, it cost $0.025 (0.25¢) to process an ACH payment.

Exhibit 7
Online IDA Enhances Accessibility and Efficiency for Participants, Sponsors, and Institutions
Source: TowerGroup

The Assets for All Alliance (AAA) is one of the IDA programs that piloted version 2 of Online IDA. AAA is comanaged by The Center for Venture Philanthropy and Lenders for Community Development. From 1999 through 2004, AAA enrolled 1,359 savers and was on track in 2005 to meet its six-year target of 1,586 savers. As of June 2005, 573 people had made asset purchases, having spent $1,145,807 of their own money and received matches of $2,322,606. Still active in the program were 409 participants with $553,735 in aggregate savings and matching reserves of $993,824. If all these savings and matches are spent on assets, the aggregate spending will total $5,015,972.

AAA ran two pilots using Online IDA. The first pilot had 24 participants, 18 of whom completed requirements and made an asset purchase. The second pilot had 16 participants and 12 completions. The 75% completion rate was slightly better than the AAA program's overall completion rate to date of 71%.

Challenges to Achieving Broad Societal Impact
Online IDA lays a solid technical and operational foundation for mass adoption of IDAs. Legal ownership and liability and regulatory issues are other challenges that must be addressed. SunGard, as an application services provider, takes responsibility for running the Online IDA technology but not for administering the accounts. Community organizations can help with marketing, user training, and financial literacy, but they can not administer the accounts or sell investments. They would, however, play a role in qualifying participants and in approving disbursement of matching funds. D2D Fund provides technical support and user training. What is
needed are financial services institutions, preferably national in scope, to take on the legal responsibility for the accounts.

Another significant hurdle that remains is finding matching funds. According to the Giving USA Foundation, charitable giving in the United States totaled $248.53 billion in 2004. Though large, this philanthropic total is spread across over 1 million nonprofits in a number of different sectors, including religion, education, arts, human services, and the environment. Over 75% of total annual donations are given by individuals. To reach 10 million of the 40 million IDA-eligible families and provide a 2:1 match on an annual IDA contribution of $500 per family would require $10 billion in matching funds per year. Given the highly dispersed nature of charitable giving sources and recipients, nonprofits will be helpful in establishing programs but will not be the major source of matching fund dollars.

The US government is the obvious source of funding for IDA programs. According to a study called "Hidden in Plain Sight" produced by the Corporation for Enterprise Development, the federal government budgeted an estimated $335 billion in fiscal year 2003 for asset building by individuals. Unfortunately, only $498 million of that represented direct cash outlays. The remainder, $334.2 billion, represented forgone tax revenue (tax expenditures) for deductions and credits for home ownership, retirement plans, investing, and other asset-building incentives. The study also points out that much of the benefit for tax expenditures is skewed to those in higher income and asset brackets.

The White House has included funding for IDA accounts in the 2007 budget proposal, and the proposed Savings for Working Families Act of 2005 (HR 4751 in the House, S.922 in the Senate) provides $1.2 billion in tax credits to FSIs for up to 900,000 IDA accounts. FSIs that offer the accounts can receive a 1:1 tax credit for each dollar of matching funds provided, up to $500 per year for four years. In addition, a tax credit of $50 per account per year is available to cover the costs of the account. The Act also provides funding of $20 million per year to cover costs of nonprofits that administer the programs and provide financial education. With D2D having invested the sweat equity to figure out how to make these accounts efficient, SunGard ready to offer a pilot tested system, and the potential of 900,000 accounts to drive down incremental costs, this bill represents an opportunity for FSIs to support the underserved community of low-income households.

Opportunity for Financial Services Institutions

Online IDA might be a particularly attractive opportunity for institutions currently running OmniPlus in their operations since they already have a relationship with SunGard. The institution could be a bank, brokerage firm, or insurance company offering defined contribution plan services to employers. However, because Online IDA is an application service provider offering, any institution can use it without incurring the extensive upfront costs of development, equipment, or implementation.

While a detailed profitability analysis is beyond the scope of this Research Note, the tax credit of $50 per account should go a long way toward covering account maintenance costs. Considering the goals for which the savings will be used, money market mutual funds, money market accounts, certificates of deposit, or short-term Treasury securities are among the options that make sense for investments. Additional revenues from interest rate spreads or asset management fees generated on the participant savings balances could very well make these accounts profitable. TowerGroup is aware of initiatives by Citigroup and Merrill Lynch that offer opportunities for extension into the IDA space.

Citigroup

In April 2004, Citigroup and Citigroup Foundation announced a 10-year, $200 million global financial education initiative. Citigroup established an Office of Financial Education to identify new program opportunities and to drive implementation and strategy. Citigroup has developed a financial education curriculum and to date has trained over 3,300 Citigroup employees and
nonprofit staff to teach the curriculum. In December 2004, the Citigroup Foundation provided funding and curriculum support for the Women and Families Financial Independence Initiative sponsored by the Washington Area Women's Foundation. The initiative aims at building financial independence among 10,000 low-income, female-headed households in the Washington, DC, area. The Online IDA presents an opportunity for these families to put into action that financial literacy education. In fact, Citigroup is the bank that Assets for All Alliance uses for its program.

Merrill Lynch
Merrill Lynch launched its Merrill Lynch Community Charitable Fund (MLCCF) program in April 2003. Rather than offer a monolithic, donor-advised fund, the MLCCF funnels funds to the donor's choice from 62 community foundations around the country. This offering brings together standard operating procedures and investment management from Merrill Lynch, a national financial services institution, with the local knowledge of charitable needs provided by community foundations. Should the Savings for Working Families Act of 2005 pass, community foundations could be a resource in communities across the country ensuring that low-income families avail themselves of the opportunity afforded by IDAs. In fact, Peninsula Community Foundation, one of the foundations in the MLCCF program, is also the parent organization to The Center for Venture Philanthropy, one of the two comanagers of the Assets for All Alliance program. Further, the infrastructure for the MLCCF was developed so that other financial services institutions could utilize the same system. For more information on the MLCCF, see TowerGroup Research Note V35:21O, Bank One and Merrill Lynch: The Bounty of Helping Clients Share the Booty.

Summary
Individual Development Accounts (IDAs) are asset-building accounts similar in concept to the 401(k) plan. Low-income participants save money with matching funds provided for and targeted to asset-building opportunities such as home ownership, postsecondary education, or small business formation. These accounts are available to households meeting income criteria defined by the sponsoring community organizations. Participants are required to attend financial literacy classes as a condition to receiving matching funds. Programs to date have provided encouraging evidence that low-income households can save, but they are too inefficient to reach the approximately 40 million low-income households in the United States in a cost-effective manner.

The D2D Fund, a not-for-profit organization whose mission is to bring affordable financial services to low-income households, has piloted a system that brings reach, scale, and efficiency to IDAs. Called Online IDA, it is a Web-based system that handles program setup and administration. Program sponsors and participants access the system via the Web and money moves via electronic funds transfer. D2D Fund worked with SunGard to modify SunGard OmniPlus defined contribution record-keeping system to administer IDAs.

D2D stands for Doorways to Dreams. With the availability of Online IDA, D2D has opened a doorway for financial services institutions (FSIs) to service the low-income market. A critical remaining need has been access to matching funds. The proposed Savings for Working Families Act of 2005 would provide up to $1.2 billion to fund up to 900,000 IDAs with additional monies to cover operating expenses. The legislation represents a golden opportunity for FSIs to work with D2D Fund, SunGard, and community organizations to bring the promise of a better future to an underserved market and gain the advantage of expanding their target market to find new sources of revenues.