



# State of New Mexico

## *Office of the Governor*

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### **Governor Bill Richardson Signs Legislation to Encourage Working New Mexicans to Save Money**

SANTA FE- Governor Bill Richardson today signed an important bill that encourages low-income New Mexico families to save money to pursue higher education, start a micro-enterprise or buy a home.

House Bill 112, sponsored by Speaker Ben Lujan, creates Family Opportunity Accounts, known as Individual Development Accounts. These interest bearing savings accounts target working, low-income families.

Currently, there are about 200 active IDAs in New Mexico, which are funded with private and federal dollars. This bill contributes \$1.5 million in state funding to create Family Opportunity Accounts to reach more New Mexicans.

“I support this initiative that encourages working New Mexicans to save money - in an effort to boost home ownership and educational opportunities,” Governor Richardson said. “The idea is for the state to contribute to Family Opportunity Accounts, which will benefit working, low-income families who open a bank account, place regular savings into an account and successfully complete a financial literacy course.”

To create incentives to save, IDA accounts are matched, up to \$2,000 annually, by public or private sources on two conditions. One, accounts are primarily restricted to placing a down payment on a home, starting or expanding a micro-enterprise or paying for college or vocational school tuition. Two, in order to receive the match, the account owner must successfully complete a financial literacy course. The course is designed to teach the basics of how to reduce debt, budget, manage a checking account, save, invest and avoid financial pitfalls like predatory lending. IDA owners also receive training targeted to their specific asset goals, such as a class for first-time homebuyers.

HB 112 gives priority to households with children because children usually realize the greatest benefits from asset building

“I am honored to have co-sponsored this legislation. This builds upon the previous hard work of Representative Patty Lundstrum and Representative Mary Helen Garcia. This is one of the most significant pieces of legislation that will have a profound and lasting impact on working families to capture some of the most fundamental aspects of a quality of life; making the dream of owning a home a reality, establishing a small business and fulfilling the ‘American Dream,’ or having your son or daughter become the first college graduate in your family. Asset building strategies for low-income people will now become a reality,” Speaker Ben Lujan said. “I want to thank Governor Bill Richardson in his leadership and vision and his continued challenge to us; let us find and create meaningful approaches and lasting opportunities for those who work the hardest but often never realize their dreams. This is one of his fulfilling promises to the working people of New Mexico. This is how you break the vicious cycle of poverty, by helping people help themselves.”

“Owning assets gives working, low-income New Mexicans a bigger stake in New Mexico’s future and a better shot at realizing the American Dream,” said Fred Nathan Executive Director of Think New Mexico, a non-profit organization committed to finding comprehensive solutions to problems facing New Mexican. “Any New Mexican willing to work hard, commit to saving and learn the basics of financial literacy, deserves access to a college education, the opportunity to start a business, and the security of owning a home.”