

CAAB's newsletter is designed to ensure that our IDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals. If you have any comments regarding our newsletter, please call us at 202-419-1440 or e-mail us at [ida@caab.org](mailto:ida@caab.org).

## The 411 on 401ks

Article courtesy of [www.thebeehive.org](http://www.thebeehive.org)

A 401 (k) Plan is a special savings and investment account that your employer sets up through an investment company, insurance company, or bank trust department. This is a long-term investment. When you're ready to start depositing money, you should leave it there.

You can contribute a certain percentage of every paycheck into this account without paying taxes on it. Some employers match your contributions up to a certain amount. For example, your company might contribute 50 cents for every \$1 you contribute.

Your money is then invested in one or more mutual funds that you can choose from a list your

employer gives you. A mutual fund is a company that purchases stocks or bonds.



The total amount of money you can save depends on how much money you will

deposit into your account each year, when you will retire, and how much you receive in interest. This is an example of how much you can save with a little effort:

- Deposit \$10 each week for 5 years at 5% interest.
- Deposit \$20 each week for the following 5 years at 5% interest.
- Deposit \$40 each week for the following 35 years at 5% interest.

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- In 45 years, you will save \$252,320. You can save even more if you took risks in your investment choices.

You can often borrow against the money in your 401 (k) to pay for medical and education expenses. You can also withdraw money from your account if you're buying your first home. If you decide to take the money out of this account before you turn 59 ½ without repaying it, you have to pay 10% in federal taxes, plus a penalty from the financial institution.

Find other articles like this one online at [www.thebeehive.org](http://www.thebeehive.org).

### CONGRATULATIONS!!!

To the following IDA savers who have made asset purchases in the month of June. Will you be next?

**Arianna Allias**  
Business

**Johanna Hernandez**  
Home

**Sharrell Kyle**  
Education

**Maria Lopez**  
Home

**Katrina Randolph**  
Education

**Mekonnen Selamawit**  
Education

**John Watson**  
Home



## IDA NEWS



### IDA's in the USA

Did you know that there are IDA programs throughout the United States? If you know someone who would like to participate in an Individual Development Account program, but who isn't a DC resident, they can find out about IDA programs in their state and community. Be sure to tell them to research different programs before they commit to one. They should look at the target populations and the funding sources to make sure that the program fits their personal needs. The Maryland Rural Development Corporation and the New Visions, New Ventures Program in Virginia are two examples of other IDA programs in the region. You can find a state-by-state directory of hundreds of IDA programs at [www.idanetwork.org](http://www.idanetwork.org), or you can call CFED at 202-408-9788 and ask for assistance locating a program in another state.

### Why IDAs Work

IDA programs were implemented in the 1990s and have been shown to be very successful in helping individuals save for their future and build wealth. As you know, IDAs provide opportunities for people to save and earn matching funds to purchase homes, advance their education, and invest in a business. These are the types of assets that increase in value over time, unlike other assets like cars, jewelry and clothes, which depreciate over time. Studies show that people who own these types of assets tend to worry less about day-to-day financial struggles and enjoy more economic stability. Assets are important and can make a huge difference in our lives. That's why CAAB staff are committed to helping our IDA savers focus on goals that will make them and their families better off and more financially secure.

## UPCOMING EVENTS in JULY

### News You Can Use

#### Contact Us:

Capital Area Asset Building Corporation  
1801 K Street NW, Suite M100  
Washington, DC 20006  
Phone: 202-419-1440  
Fax: 202-419-1447  
E-mail: [www.caab.org](http://www.caab.org)

CAAB creates opportunities for people of all incomes to improve their financial management skills, increase their savings, and build wealth. We believe that a prosperous community is one in which everyone has incentives and opportunities to save for the future.

#### Home Ownership

##### HomeFree-US

[www.homefreeusa.org](http://www.homefreeusa.org)  
"10 Home Buying Secrets  
Everyone Ought to Know"  
July 20, 6:30-8pm  
318 Riggs Rd. NE  
Free

#### Small Business

##### DC Dept. of Employment Services

[www.brc.dc.gov](http://www.brc.dc.gov)  
"How you can write your own  
business plan"  
July 25, 9am-4pm  
64 New York Avenue, NE  
\$30.00

#### Job Training

##### Goodwill of Greater Washington

[www.dcgoodwill.org](http://www.dcgoodwill.org)  
Job Training & Placement Services  
Ongoing  
Visit website for all locations  
Free

#### Financial Literacy

##### Lydia's House

[www.lydiashousendc.org](http://www.lydiashousendc.org)  
Financial Literacy Class  
July 29, 9am-2pm  
3939 South Capitol St. SW  
Free

#### IDA/MDA Orientations

##### CAAB

[www.caab.org](http://www.caab.org)

##### IDA Orientation

July 19, 6:30-8pm  
1801 K Street, NW, M-100  
Free

##### MDA Orientation

July 26, 6:30-8pm  
1801 K Street, NW, M-100  
Free

## CAAB CORNER

- Confused about what you can put your IDA funds toward? If your IDA account is for Home Purchase, you can use your money for down payment and closing costs or renovation and repairs for qualified first-time home purchases. Your home ownership counselor can help you determine the best use of your IDA funds, but if you have questions that they can't answer, please give us a call.
- Have you seen our new website? Visit [www.caab.org](http://www.caab.org) today and check out the latest information and new links to financial resources, success stories, and news and events. We'd love to hear your suggestions about how to make the site even more useful!
- Did you know that CAAB now hosts financial workshops at its office? We just completed a Money Management 101 workshop series and will be starting another one in the fall. We would like to congratulate all the IDA savers who completed the class and met their financial education requirement. If you haven't fulfilled your financial education requirement yet, remember that you can register for an upcoming workshop hosted by CAAB or one of our partners. Once you complete all the classes and any asset specific training, you'll be one step closer to achieving your IDA goal. You can find out about upcoming training sessions in this newsletter, on our website, or by calling Damisha Crawford at 202-419-1440.

