Poverty: A Lack of Resources

Resources can be defined as:

- **Financial—**having the money to purchase goods and services; however, financial resources are more than just cash. Assets such as credit, property and equity are also sources of financial resources.

- **Emotional—**Being able to choose and control emotional responses, particularly to negative situations without engaging in self-destructive behavior. This is an internal resource and shows itself through stamina, perseverance and choices.

- **Mental—**having the capacity to process information, evaluate a situation, and use prior experience to make decisions in daily living.

- **Social Capital—**having friends, family, backup resources and knowledge bases available to access in times of need. These are external resources.

- **Role Models—**having frequent access to appropriate adults who are nurturing and who do not engage in self-destructive behavior (mentors).

Some Areas of Financial Asset Development

A **microenterprise** is defined as a small business with five or fewer employees with initial capital needs of $35,000 or less. Most microenterprises are sole proprietorships and can be any type of business—graphic design, cleaning services, jewelry making and t-shirt printing are some examples.

Individual Development Accounts (IDAs) are incentivized, matched and restricted savings accounts. Those who qualify for an IDA agree to save a certain amount of money each month, which is then matched with money contributed by an organization or government agency. Depending on the program, participants receive 50 cents to four dollars for every dollar saved. VISTA members qualify for IDAs; we encourage you to find out more information about them. We have provided some starting points for you in the “Resource List” for this session (in this binder).

Financial Literacy is the ability to read, analyze, manage and communicate about personal finances. It includes the ability to choose between different financial options, discuss financial issues, plan for the financial future, and understand general economic events and their impact on personal finances.

The Importance of Having Assets

- They can be liquidated in order to keep you out of emergency situations (that can be expensive).
- They give you something to pass on to the next generation—which gives them a head start.
- They allow you to take advantage of new opportunities. For example, you can borrow against a house to pay for school.
- They make you more invested in the community. Your investment creates value in the community that has the potential to increase your personal wealth.
- They help change people's minds as well as their behavior and attitude about the future.