

SaveUSA Impact Summary



SOCIAL INNOVATION FUND

Center for Economic Opportunity • Mayor's Fund to Advance NYC

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SaveUSA Increases Savings

Tax-time savings programs can offer the opportunity to encourage low-income families to save more in short-term, non-retirement savings. SaveUSA is a tax-time savings program that seeks to do exactly this by incentivizing short-term savings, which in turn can help families create savings goals and hopefully be able to better weather financial emergencies. MDRC, a nonprofit social policy research firm, is evaluating SaveUSA through a randomized control trial (RCT). Their report, *Encouraging Low- and Moderate-Income Tax Filers to Save: Implementation and Interim Impact Findings from the SaveUSA Evaluation*, offers impact findings that cover the 18 months after the earliest group of program participants enrolled in 2011.

MDRC found that SaveUSA helps turn low-income families who are non-savers into savers.

- **79 percent** of SaveUSA participants had non-retirement savings at 18-months, seven percent more than regular tax filers.
- SaveUSA participants had an average of **\$512 more in savings** than regular tax filers.
- **67 percent** of SaveUSA participants earned the savings match.
- SaveUSA participants were able to save **without incurring more debt**.
- SaveUSA participants, on average, can cover **over 2 months worth of normal expenses with savings**, compared with the savings of regular tax filers, which could cover up to a little more than one month. [See Chart 1.]

Promoting Positive Savings Attitudes

SaveUSA participants also have more positive attitudes toward savings.

- **85 percent** of SaveUSA participants viewed savings as “very important,” compared with 76 percent of regular tax filers [See Chart 2.]

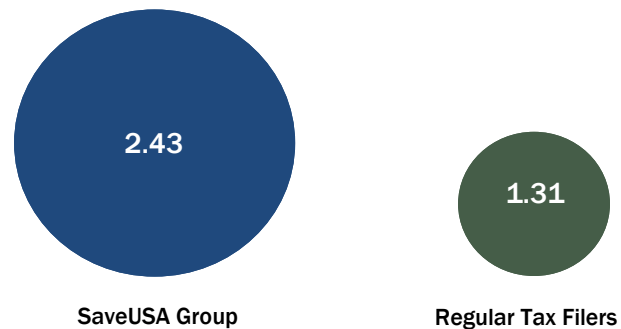
10 million Americans are unbanked and 29.3% of U.S. households don't have a savings account.¹

With SaveUSA, Participants:

- **Opened 4,771 Savings Accounts**
- **Saved Over \$5 Million**
- **Earned an Average Savings Match of \$428**

Chart 1: SaveUSA Prepares Savers for Emergencies

SaveUSA participants' ratio of savings to monthly expenses is 2.43, compared to 1.31 for regular tax filers.



What is SaveUSA?

SaveUSA offers eligible participants a 50 percent match if they deposit a portion of their tax refund into a savings account and maintain the initial deposit for approximately one year. SaveUSA is intended to encourage both short-term savings and longer-term savings while helping participants improve their overall financial stability. SaveUSA was designed to build a body of evidence for a broader policy goal: integrating a tax time savings incentive into the federal tax code. Four cities have launched SaveUSA programs: New York, NY, Newark, NJ, Tulsa, OK, and San Antonio, TX. MDRC's RCT evaluation in New York and Tulsa analyzes outcomes for people who participated in the SaveUSA program with a randomly-generated control group. This RCT is coupled with an implementation evaluation in all four cities.

Notes:

¹Federal Deposit Insurance Corporation (FDIC), 2011 FDIC National Survey of Unbanked and Underbanked Households, FDIC.

<http://www.fdic.gov/householdsurvey/>.

Building Evidence

SaveUSA builds upon a successful three-year demonstration, \$aveNYC, that the New York City Department of Consumer Affairs Office of Financial Empowerment (OFE) piloted from 2008 to 2010. \$aveNYC demonstrated that very low-income individuals can and will commit to saving if presented with the opportunity. Seventy-five percent of participants in \$aveNYC maintained their savings for a year and earned the match funds. The University of North Carolina Center for Community Capital's research on the positive benefits of \$aveNYC is reflected in MDRC's recent SaveUSA findings.

Short-term Savings, Long-term Stability?

In 2015 MDRC will release a report on the effects of SaveUSA on participants approximately 3 years after they enrolled in the program in 2011. These results will indicate whether SaveUSA can improve participants' overall financial well-being. Until then, SaveUSA shows it can increase participants' savings rates, total amount in savings, and positive attitudes toward savings.

Affecting Policy

The lessons of SaveUSA and \$aveNYC show the value of tax time savings programs. These programs help turn non-savers into savers, and can improve individuals' savings behavior. Local governments and community organizations around the country recognize the value of SaveUSA-like tax-time savings programs. Six communities have replicated, or are in the process of creating, their own tax-time savings programs. NYC Center for Economic Opportunity, Office of Financial Empowerment, and Cities for Financial Empowerment Fund are joining with these other cities in launching the SaveUSA coalition, which will support those who are building and advocating for programs similar to SaveUSA, particularly at the federal level.

Policymakers and asset-building advocates are examining the potential of creating a tax-time savings program at the federal level. In August 2013, Representative Serrano (D-NY) introduced the "Financial Security Credit Act," a bill encouraging a higher household savings rate nationwide by incentivizing savings by low- and moderate-income earners at tax time.

SaveUSA Partners

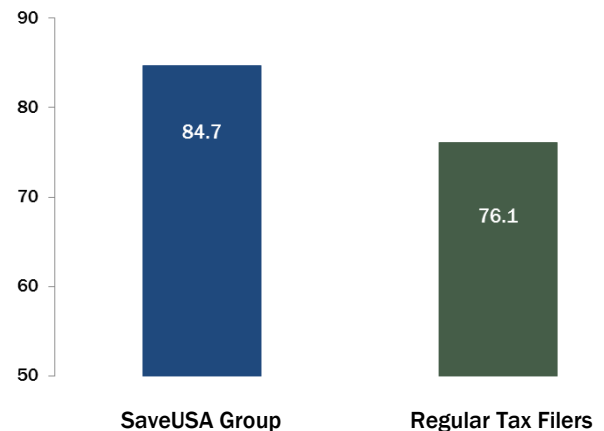
Intermediaries: NYC Center for Economic Opportunity, Mayor's Fund to Advance NYC, Office of Financial Empowerment, and MDRC

Providers: New York City — Food Bank For New York City and Ariva; Newark, NJ — Newark Now; San Antonio, TX — United Way of San Antonio and Bexar County; Tulsa, OK — CAP Tulsa.

Financial Institutions: Bank of Oklahoma, Capital One Bank, Carver Federal Savings Bank, Citibank, Select Federal Credit Union, Spring Bank (formerly known as CheckSpring Bank).

SaveUSA Funders: Corporation for National & Community Service, Bloomberg Philanthropies, Open Society Foundations, The Rockefeller Foundation, Annie E. Casey Foundation, Ford Foundation, George Kaiser Family Foundation, MetLife, Tulsa Community Foundation, United Way of San Antonio and Bexar County.

Chart 2: SaveUSA Encourages Positive Savings Attitudes
Percentage of participants who reported that having a savings account is important:



SaveUSA Research

Learn more about SaveUSA and its predecessor, \$aveNYC, in these reports:

- [Encouraging Low- and Moderate-Income Tax Filers to Save: Implementation and Interim Impact Findings from the SaveUSA Evaluation](http://www.mdrc.org/sites/default/files/encouraging_low-and_moderate_income_tax_filers_to_save.pdf) [http://www.mdrc.org/sites/default/files/encouraging_low-and_moderate_income_tax_filers_to_save.pdf]
- [Encouraging Savings for Low- and Moderate-Income Individuals: Preliminary Implementation Findings from the SaveUSA Evaluation](http://www.mdrc.org/sites/default/files/SaveUSA_brief14.pdf) [http://www.mdrc.org/sites/default/files/SaveUSA_brief14.pdf]
- [SaveUSA Program Implementation: Insights from the Field](http://www.nyc.gov/html/ofe/downloads/pdf/SaveUSA_Implementation_Brief.pdf) [http://www.nyc.gov/html/ofe/downloads/pdf/SaveUSA_Implementation_Brief.pdf]
- [The \\$aveNYC Account: Innovation in Asset Building](http://www.nyc.gov/html/ofe/downloads/pdf/savenyc_research_update_dec2010.pdf) [http://www.nyc.gov/html/ofe/downloads/pdf/savenyc_research_update_dec2010.pdf]
- [The Importance of Tax Time for Building Emergency Savings: Major Findings from \\$aveNYC](http://ccc.unc.edu/content/items/the-importance-of-tax-time-for-building-emergency-savings-major-findingfrom-savenyc/) [http://ccc.unc.edu/content/items/the-importance-of-tax-time-for-building-emergency-savings-major-findingfrom-savenyc/]