

SaveUSA Impact Summary

SOCIAL INNOVATION FUND

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

April 2014

SaveUSA Increases Savings

Tax-time savings incentive programs encourage low-income families to save more in short-term, non-retirement savings. In turn, this extra savings helps families create long-term savings goals and hopefully be able to better weather financial emergencies. MDRC uses a randomized control trial (RCT) to evaluate the tax-time savings program SaveUSA. Their report, *Encouraging Low- and Moderate-Income Tax Filers to Save: Implementation and Interim Impact Findings from the SaveUSA Evaluation*, offers impact findings 18 months after the program started 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, eight percent more than regular tax filers.
- SaveUSA participants had an average of **\$512 more in savings** than regular tax filers.
- SaveUSA participants were able to save **without incurring more debt**.
- SaveUSA participants, on average, have **over 2 months worth of expenses saved**, compared with regular tax filers who have a little over 1 month of expenses saved. [See Chart 1.]

Promoting Positive Savings Attitudes

SaveUSA participants also have more positive attitudes toward savings.

- **85 percent** of tax filers in the SaveUSA program are more likely to have savings goals and view savings as “very important.” [See Chart 2.]

Participants in SaveUSA experience higher employment rates and a lower rate of long-term unemployment (unemployed for six or more months) than regular tax filers. SaveUSA filers were 21 percent less likely to be long-term unemployed.

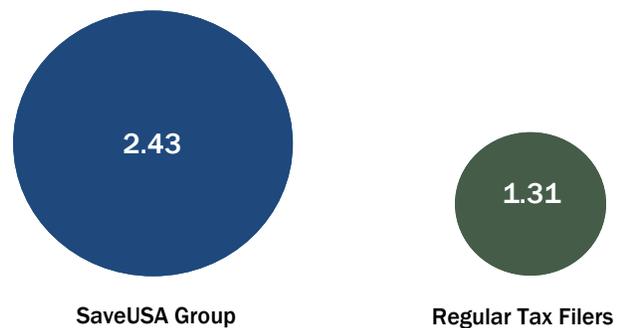
10 million Americans are unbanked and 29.3% of U.S. households don't have a savings account.¹

With SaveUSA Participants:

- **Opened 4,771 Savings Accounts**
- **Saved Over \$5 Million**
- **Averaged \$512 More in Savings than Regular Tax Filers.**

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 precipitates short-term savings and encourages longer-term savings and greater 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 an otherwise comparable group who did not. This RCT is coupled with an implementation in 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 previously disconnected from the mainstream financial system can and will commit to saving if presented with the opportunity, as 80 percent of participants in \$aveNYC maintained the savings for a year and earned the match funds. This promising research from the University of North Carolina Center for Community Capital on the positive benefits of \$aveNYC are 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. This may shed light on possible impacts to participants' 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 processing 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 one another in building and advocating for tax-time savings programs, particularly on the federal level.

Policymakers and asset-building advocates are examining the potential of creating a tax-time savings program on 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 NYC and Ariva, Newark, NJ — Newark Now; San Antonio, TX — United Way of San Antonio and Bexar County; Tulsa, OK — Community Action Project of Tulsa.

Financial Institutions: Bank of Oklahoma, Capital One Bank, Carver Federal Savings Bank, Citibank, Select Federal Credit Union, Spring Bank (formally 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 Behaviors
Percentages 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/ecnouraging_low-and_moderate_income_tax_filertosave.pdf) [http://www.mdrc.org/sites/default/files/ecnouraging_low-and_moderate_income_tax_filertosave.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/contentitems/the-importance-of-tax-time-for-building-emergency-savings-major-findingfrom-savenyc/) [http://ccc.unc.edu/contentitems/the-importance-of-tax-time-for-building-emergency-savings-major-findingfrom-savenyc/]