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Center for Economic Opportunity

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

SAVE USA

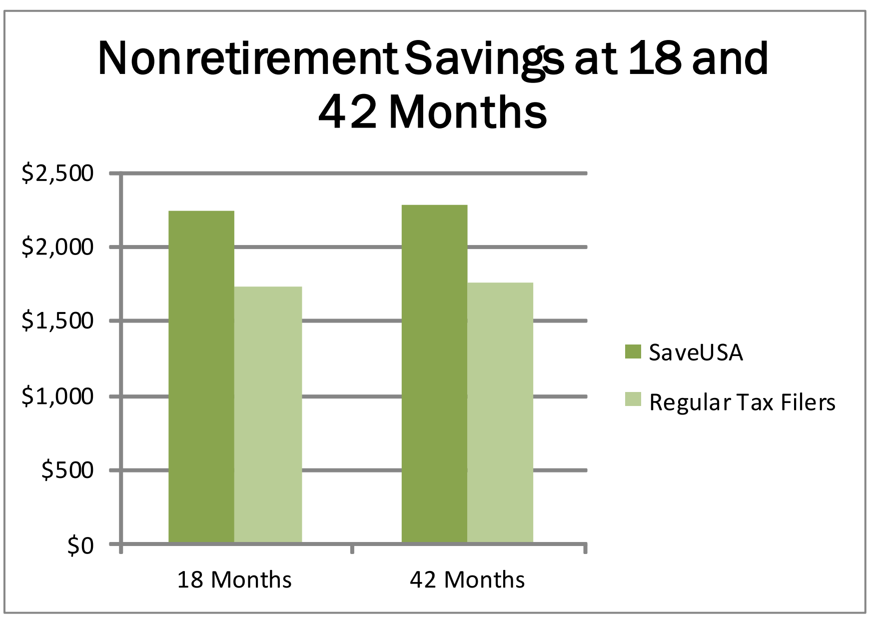
SaveUSA:
A summary of findings from MDRC's SaveUSA Final Impact Report

Tax–time savings incentive programs encourage 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's randomized control trial (RCT) evaluation of the tax-time savings program SaveUSA offers impact findings 42 months after initial program enrollment.

- **80 percent** of SaveUSA participants had nonretirement savings at 42 months, nearly eight percentage points more than regular tax filers.
- SaveUSA participants had an average of **$522 more in savings**, 30 percent more than regular tax filers.
- SaveUSA participants were able to save **without incurring more debt.**
- SaveUSA led to an **increase in consistent savers**, as measured by having savings at both 18 and 42 months.
- SaveUSA participants were **6 percentage points less likely** to experience liquid asset poverty—defined as lacking sufficient liquid assets, either nonretirement savings or retirement savings, to subsist at the poverty level for three months in the absence of income.

SaveUSA Helps Low-Income Individuals Save More

SaveUSA helped participants save 30 percent more than regular tax filers.



SaveUSA at a Glance

Over 5 years SaveUSA participants:

Opened more than 7,000 accounts

Saved over $5.5 million

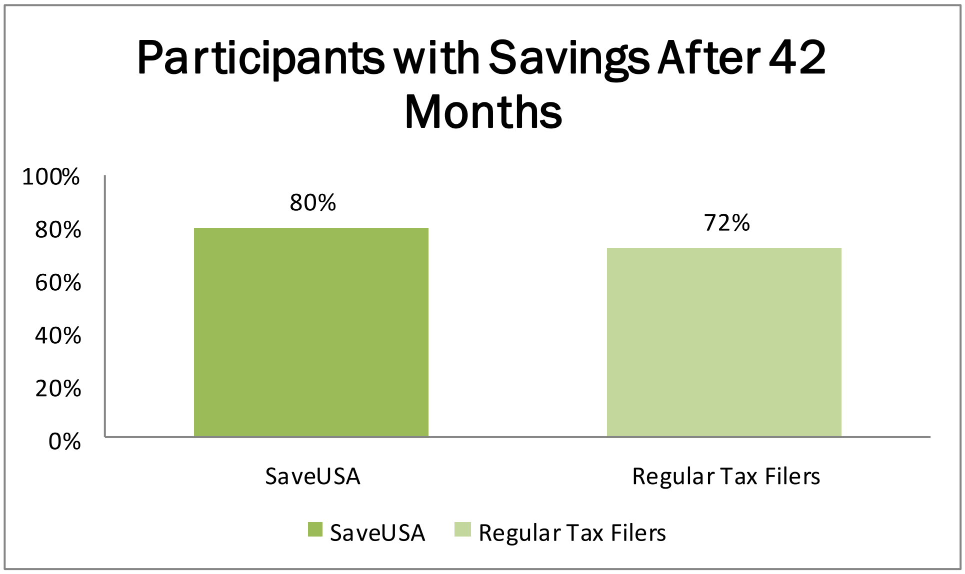
Earned an average match of $613

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 monitoring and evaluation of program performance in San Antonio and Newark, allowing for a four-city implementation analysis.

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. $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.



This report, analyzing results 42-months after program enrollment, builds upon MDRC's prior research on SaveUSA impact and implementation [see sidebar for more information on prior SaveUSA and $aveNYC research].

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, and increase the amount of savings low- and moderate-income individuals have to guard against emergencies.

Policymakers and asset-building advocates are examining the potential of creating a tax-time savings program at the federal level. In December 2015, Representative Serrano 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 Research

Learn more about SaveUSA and it's 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/SaveUSA_report_1.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]
- *The $aveNYC Account: Innovation in Asset Building* [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-avenyc/]

SaveUSA Partners

Intermediaries: NYC Center for Economic Opportunity, Mayor's Fund to Advance NYC, OFE, 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).

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