



Pay-to-Save: An Employer-Based Financial Education and Savings Program

2011

INTRODUCTION:

In the last 2-3 years, families in the United States have been under increasing financial stress facing uncertainties in the economy and potential job losses. In the workplace the effects of employees' anxieties, depression and fear results in reduced productivity, absenteeism and higher turnover rates. Without adequate emergency savings, many employees are one step away from financial disaster or homelessness. According to the 2009 America Saves program, 40% of the participants listed their top savings goals as the establishment of an emergency fund.

Virginia Community Capital (VCC) is seeking to meet a need expressed in the community (and nationally) to promote positive savings behaviors by offering an "easy" way for employees to save; through payroll deduction and learning about money – how to manage it and how to grow it! Programs to save and educate employees are relatively new, except as it relates to retirement plans.

PROGRAM OBJECTIVES:

VCC will work with employers to assist their employees in establishing an emergency fund and improve their financial "health". (Employees may use existing savings accounts and authorize payroll deductions for regular deposits, or open a new account with VCC's banking subsidiary Community Capital Bank.) Financial education workshops will focus on: budgeting, saving for emergencies, using credit wisely, understanding credit reports and repairing credit.

- **"Behavioral Economics and the Commitment to Save"** – For many employees, the commitment to change or the ability to save is difficult. Employer partnerships will be designed to provide a program that not only encourages employees to save, but motivates people to change behaviors through program components, such as:
 1. On-site financial education workshops
 2. Availability of financial tools, resources and experts
 3. Savings deposits made automatically via payroll deduction
 4. Additional support for debt-stressed employees with a HUD certified financial counselor or a Consumer Credit Counseling Services member agency.

For additional information, contact:

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Virginia Community Capital is a 501©3 nonprofit, community development financial institution (CDFI) and banking entity whose mission is to offer innovative, flexible financial products designed to support housing and community development ventures, increase jobs and build sustainable communities. Their banking subsidiary, Community Capital Bank of Virginia, offers FDIC insured deposit accounts.