

Innovations in Savings: Research Findings on \$aveNYC

Jess Dorrance ▪ March 31, 2015

Economic Inclusion Meeting, Raleigh, NC



UNC Center *for* Community Capital
*Research and analysis on the
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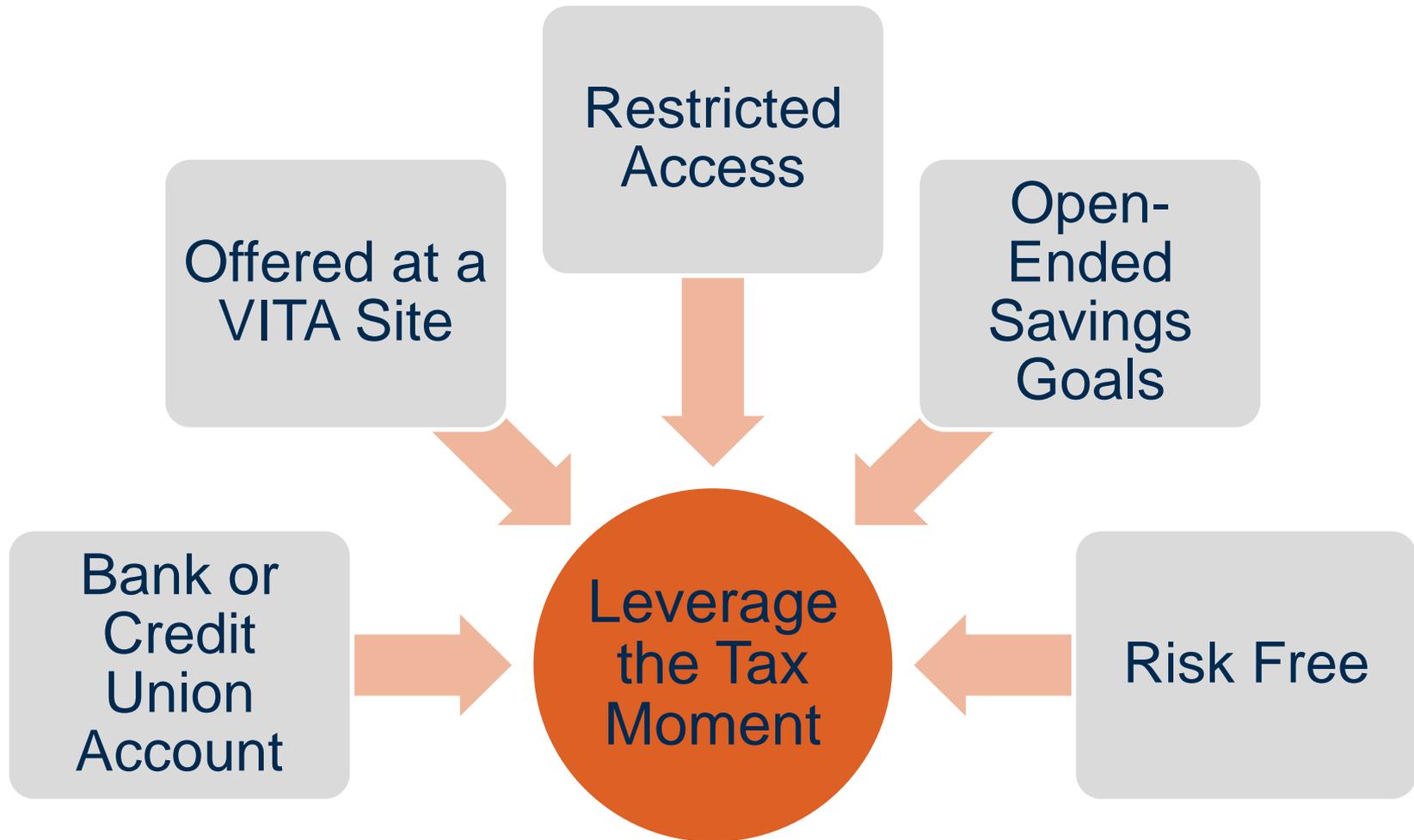


ave

NYC



The \$aveNYC Approach





Program Structure

Eligibility

Income

- Filers with children: \$50,000
- Filers without children: \$18,000

Expected Refund Amount

- At least \$200

Getting the Match

Minimum Deposit

- \$200

Maximum Match

- \$500

February 1 (following year)

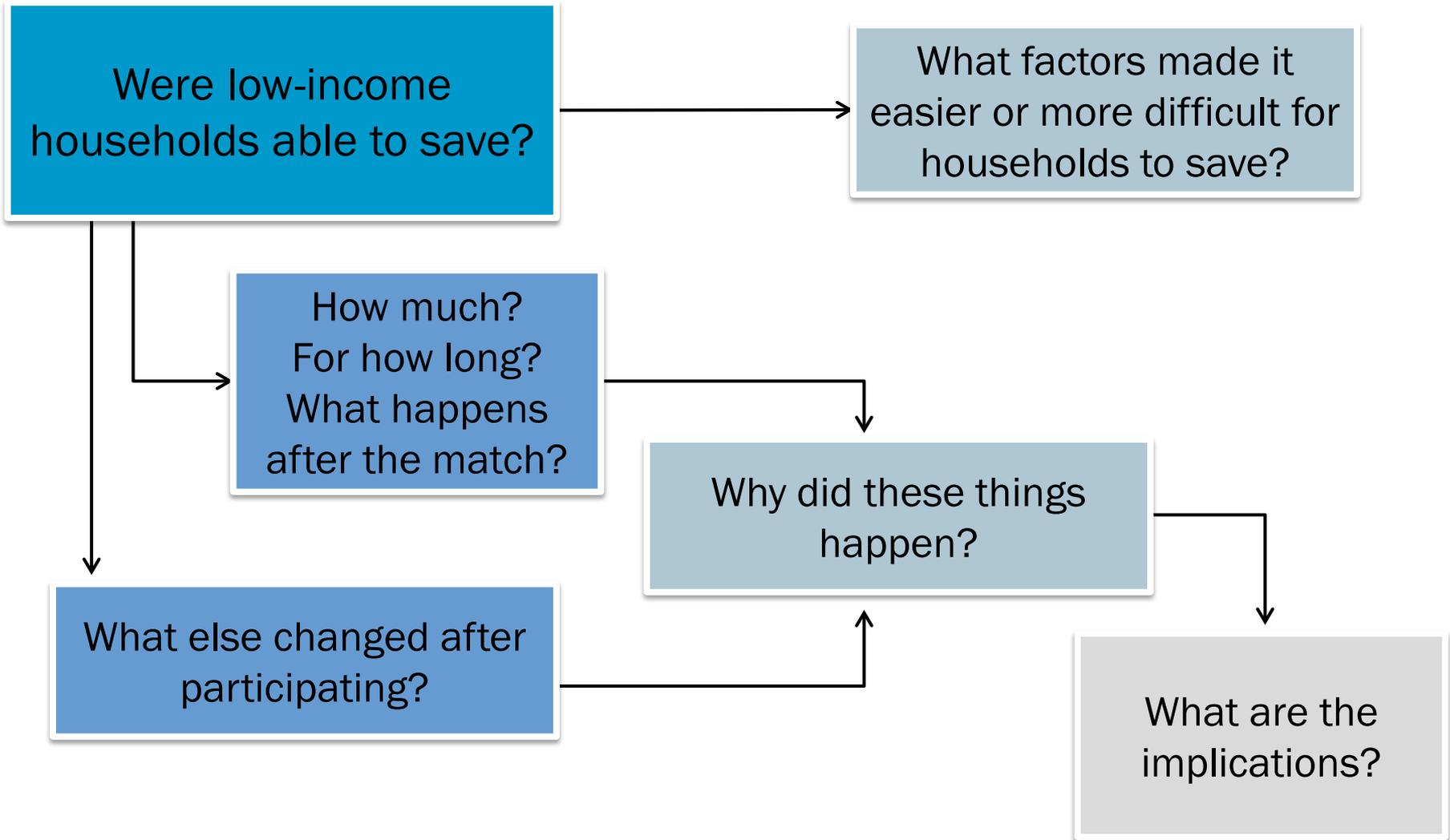
- Initial savings

Ineligible

- Balance below initial deposit
- Account closed



Research Questions



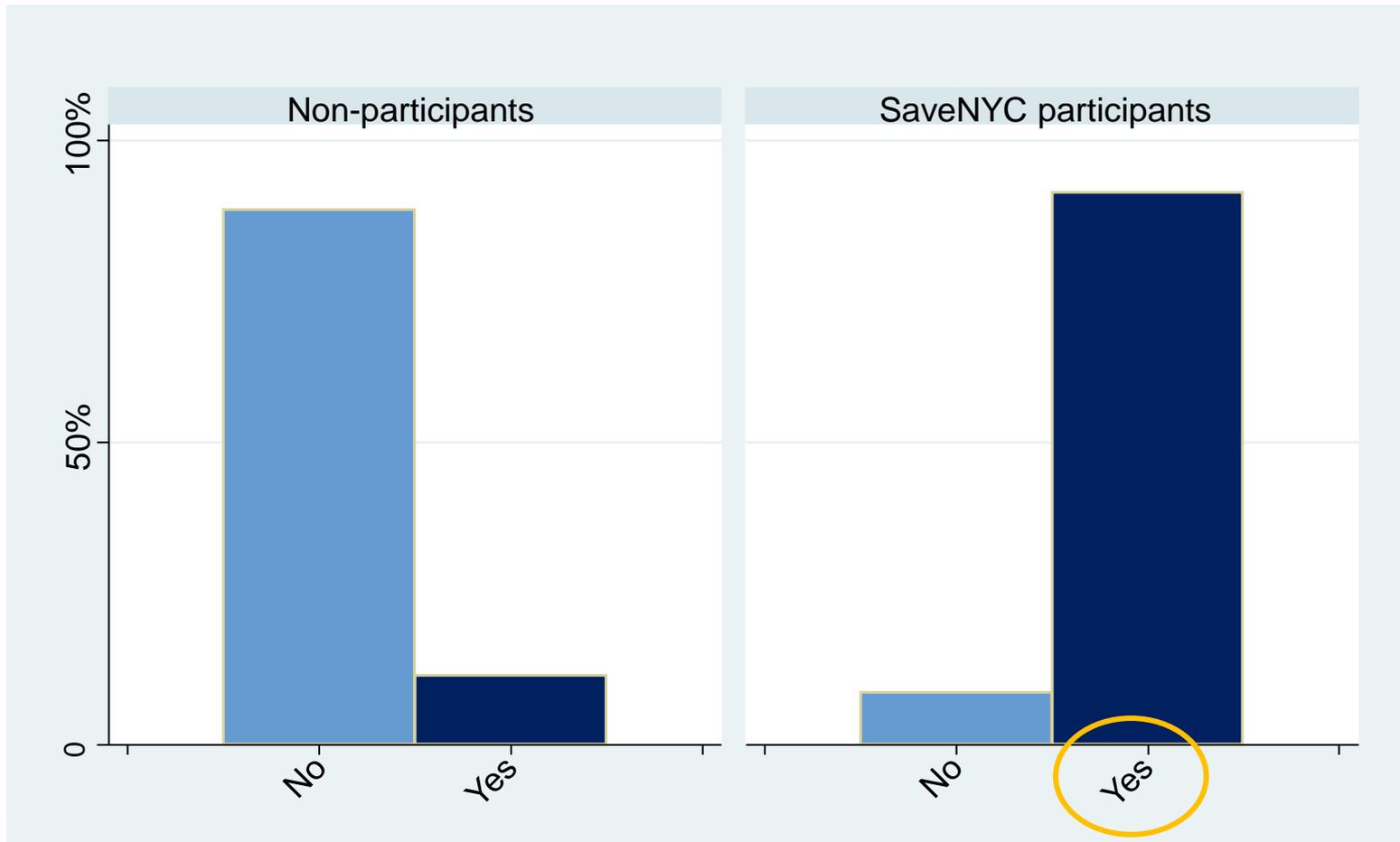


Low-income households can save when given the right incentive and opportunity.

	2009	2010
Accounts Opened	952	1,360
Total Savings	\$362,741	\$961,518
Participation Rate of Those Eligible	9%	10%
Percent of Participants Full-year Savers	80%	70%
Average Contribution to \$aveNYC Account	\$380	\$700
Share of Tax Refund Saved	16%	21%



Over 90% of participants had some funds left 6 months after the match.





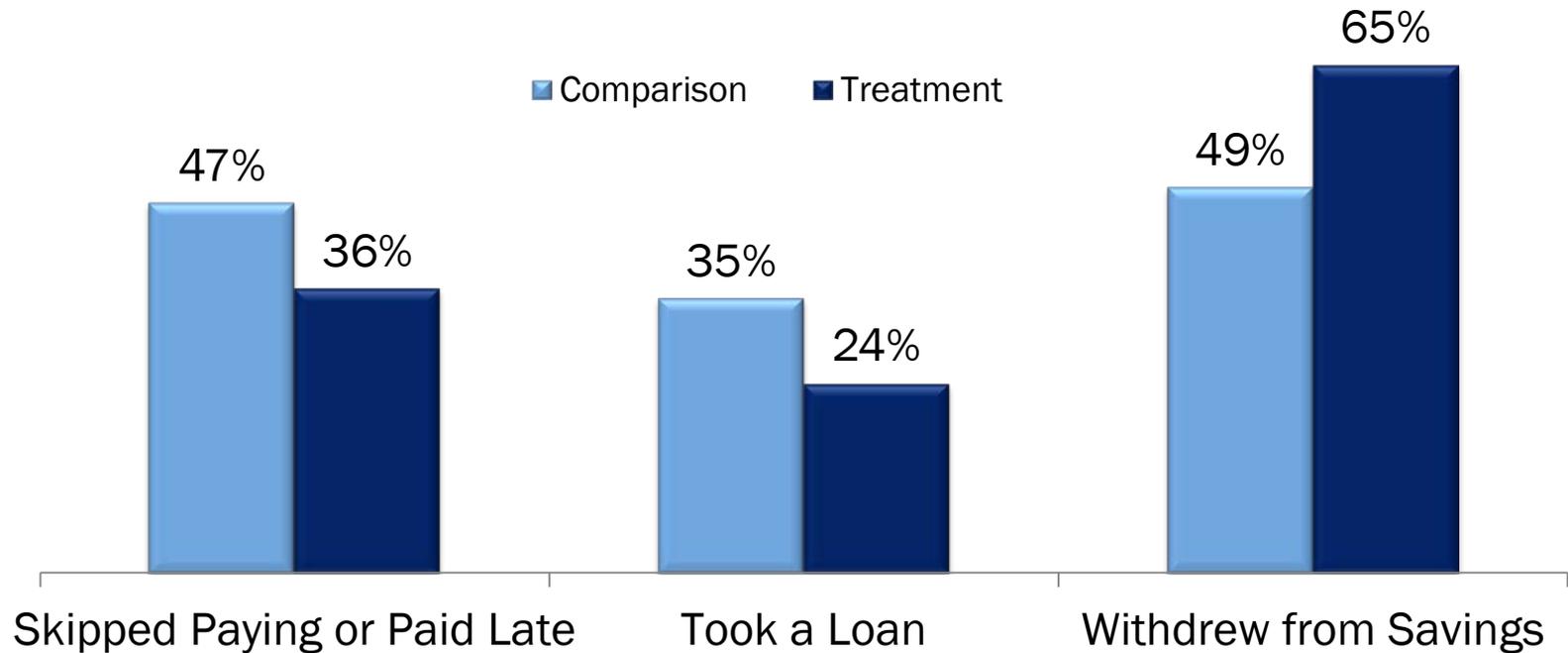
Six months after the match date, the 2009 participants still had between \$300 and \$500 of their \$aveNYC account money.



Eight months after the match date, the 2010 participants did not have any savings remaining, but they had less debt and were more likely to pay bills on time compared to non-participants.

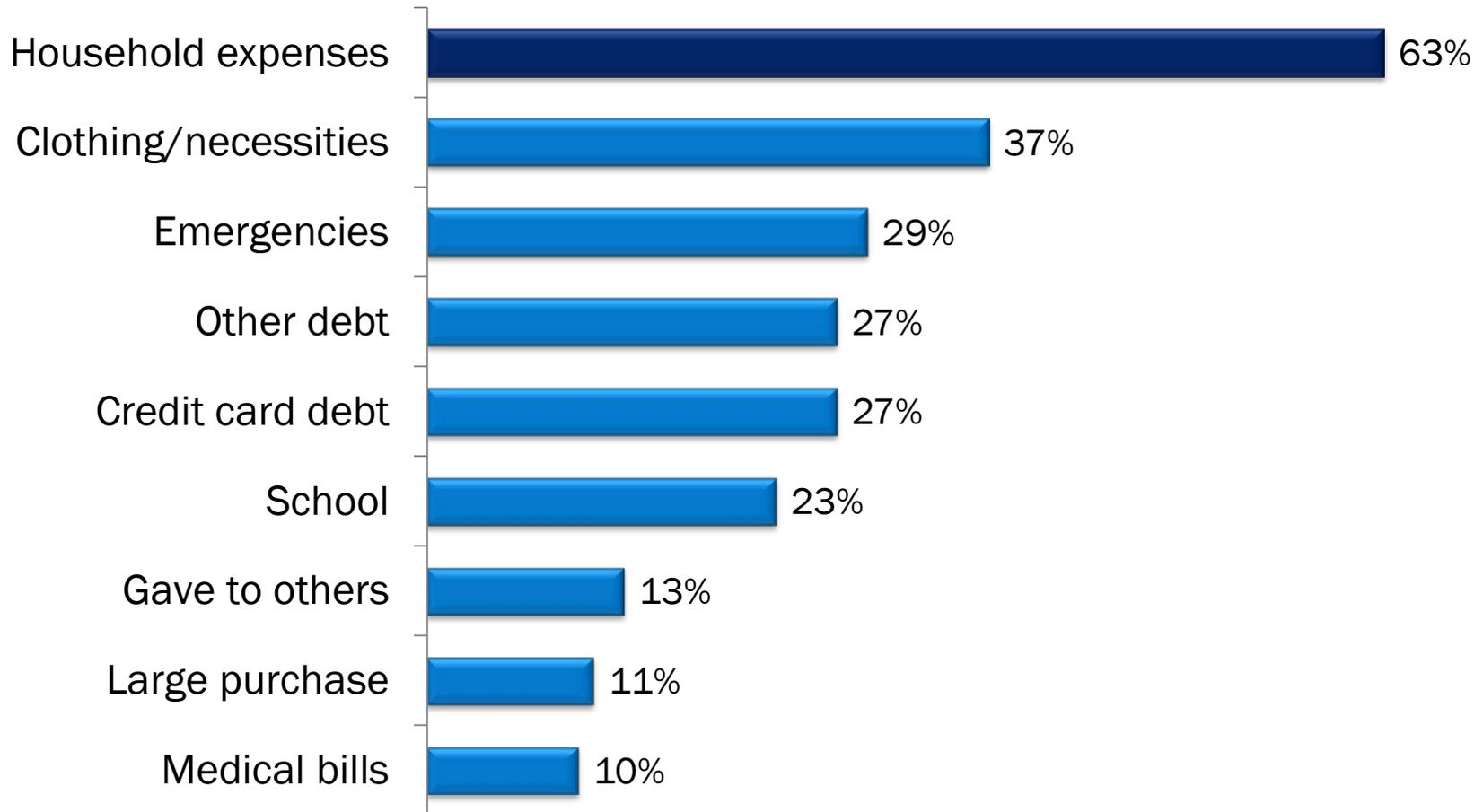


Participants were more likely to withdraw from savings to cover an emergency, and less likely to pay late or take out a loan.



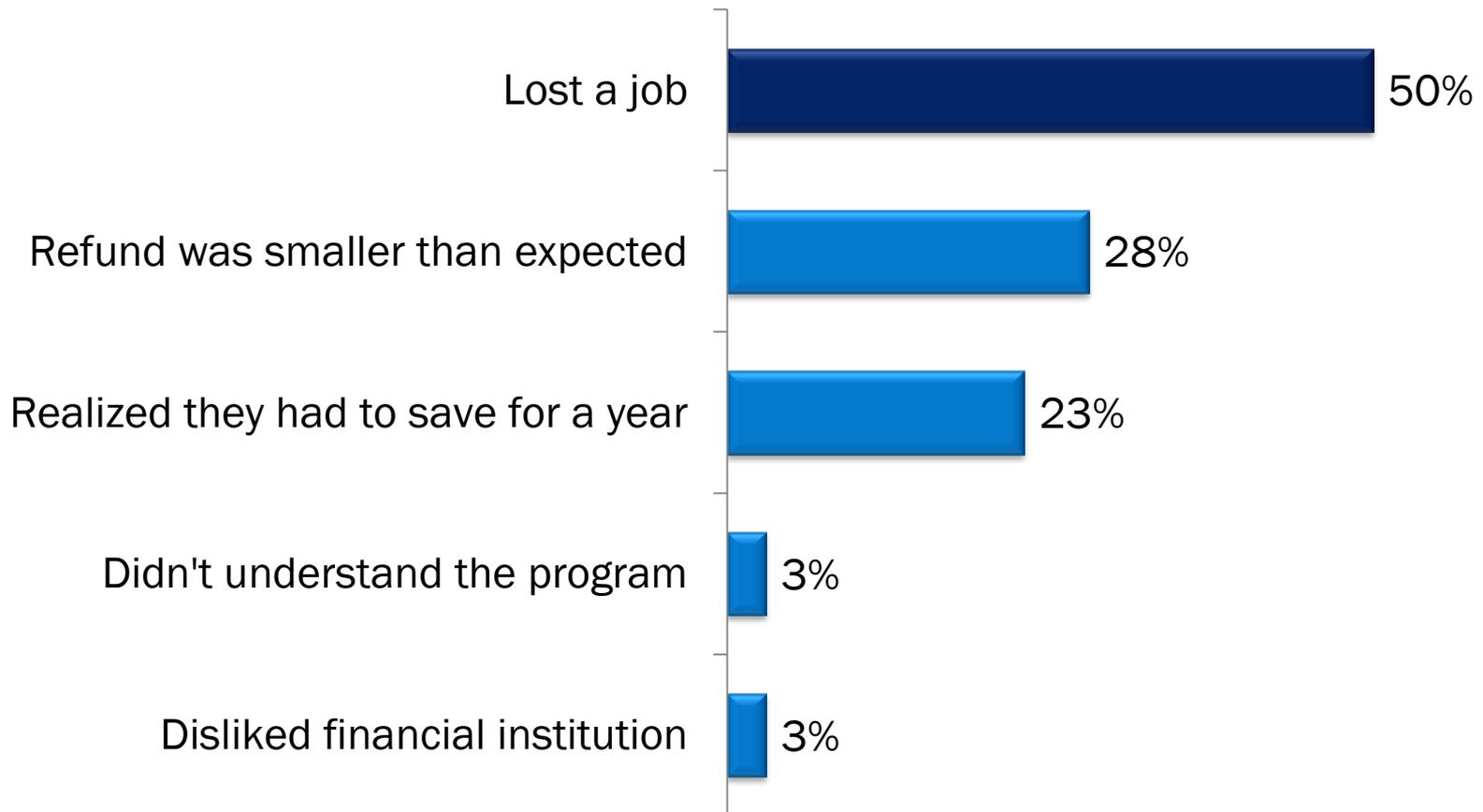


The majority of participants used the money to pay for household expenses.



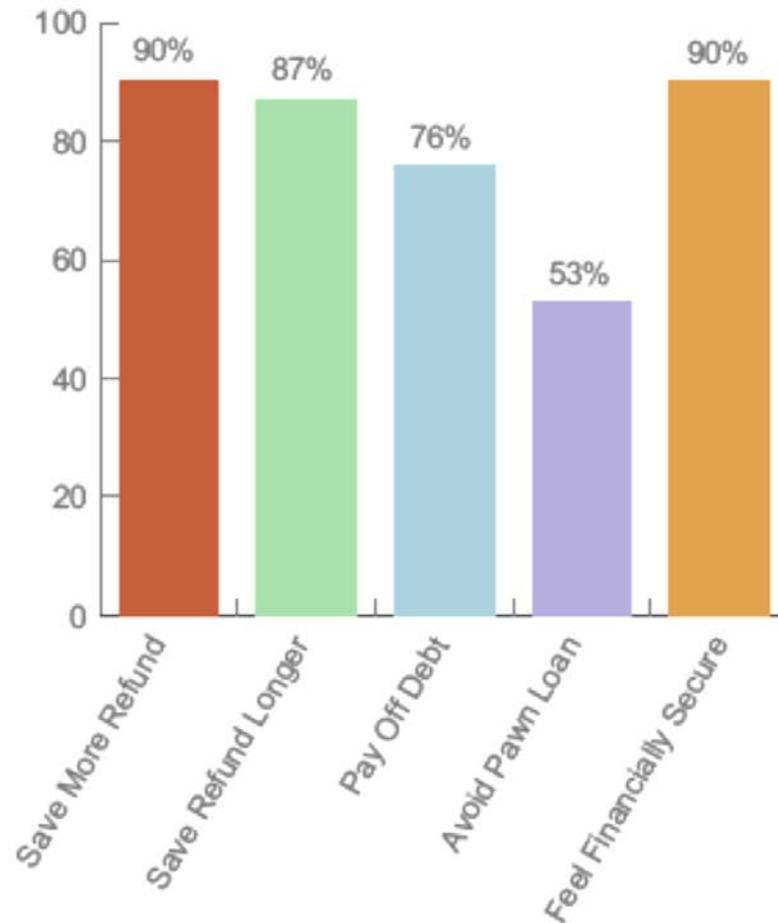


Half of the participants that withdrew their money before the end of a full year did so because they lost a job.





Affirmative responses to the question: Has the \$aveNYC Account helped you _____?





What are some of the other outcomes?

Confidence managing money

Budgeting

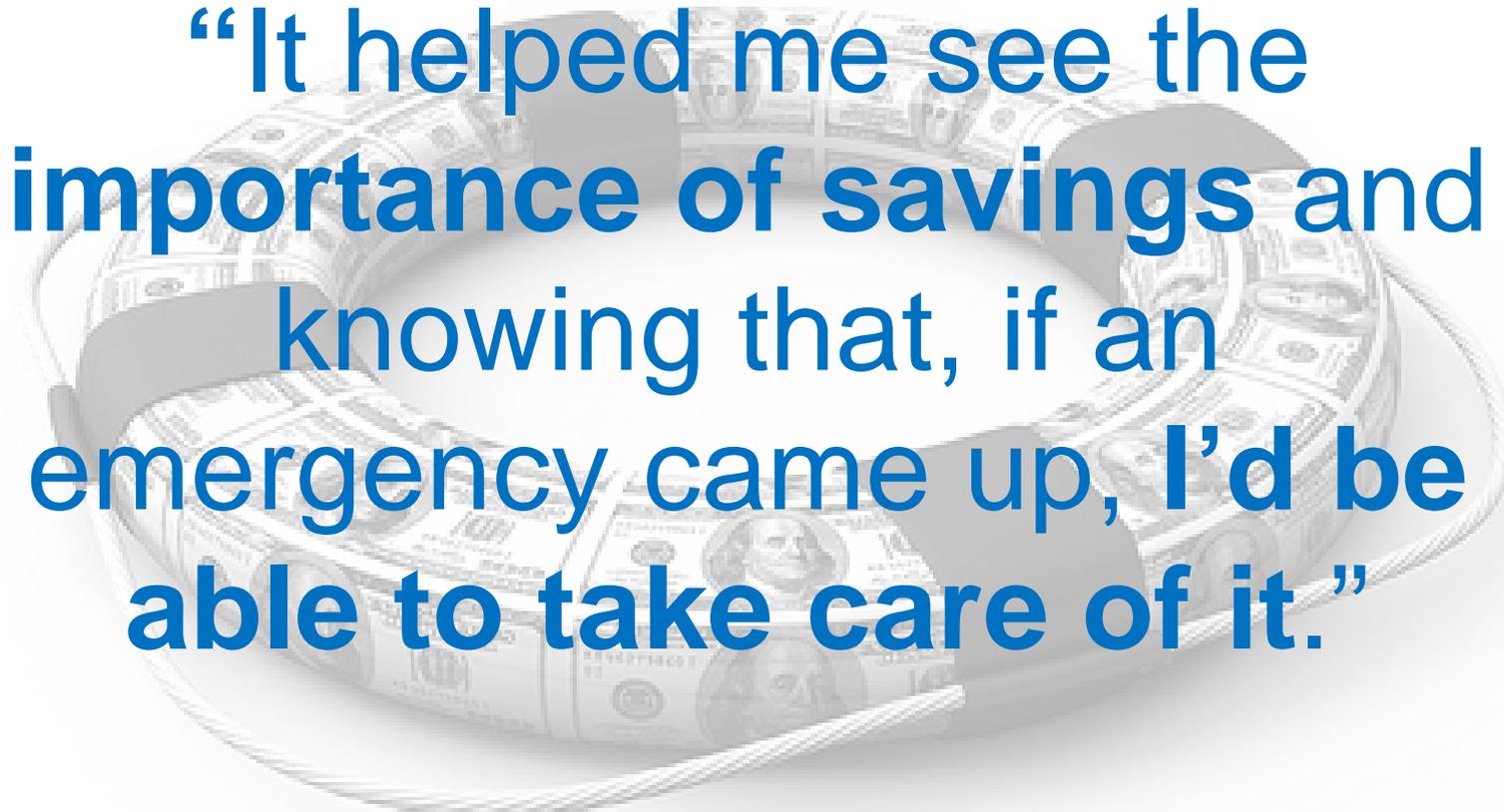


People with children
saved less



“It [\$aveNYC] made savings accessible to me. Whereas I was thinking, I don’t have any money. I’m never going to have any money and I’m never going to save. But it taught me that you can save, even if it’s just a small portion of what you have.”





“It helped me see the importance of savings and knowing that, if an emergency came up, I’d be able to take care of it.”



“I know that now I can say to myself, when I’m on the train and I hear people talk about the money they have in their bank account, I can say, you know what, me too. I have money put away too. I have the ability to do it too. Just because I come from a low-income budget, my life as a low-income person doesn’t mean that I can’t save.”



Photo credit: Frankieleon



Factors Making It Easier to Save

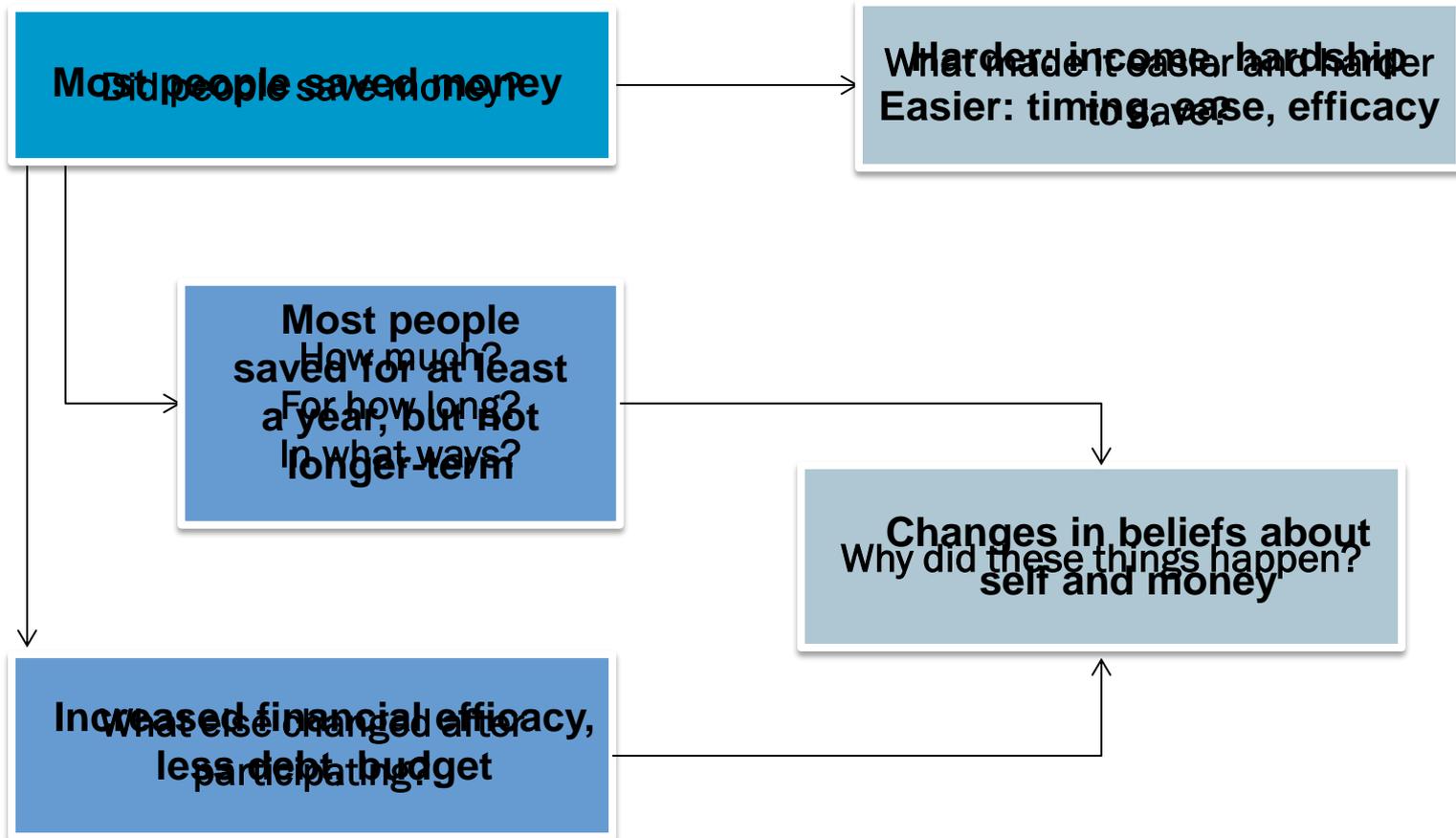
- Ease of account setup
- No account fees, low minimum balance
- Tax time refunds
Incentive of matching funds
- Trust in credit union and community partners
- Lack of easy access to accounts once opened
- Financial self-efficacy

Factors Making It Difficult to Save

- Job loss and economic hardship
- Low incomes



Research Recap





Different saving tools for different needs

Longer-Term

Goal-directed
Restricted access

Medium-Term

Mid-range goals
Flexibility of use/
Multiple uses

Emergency

Non-goal directed/
Immediate needs
Flexibility of use
Avoid high cost
alternatives





social innovation fund

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





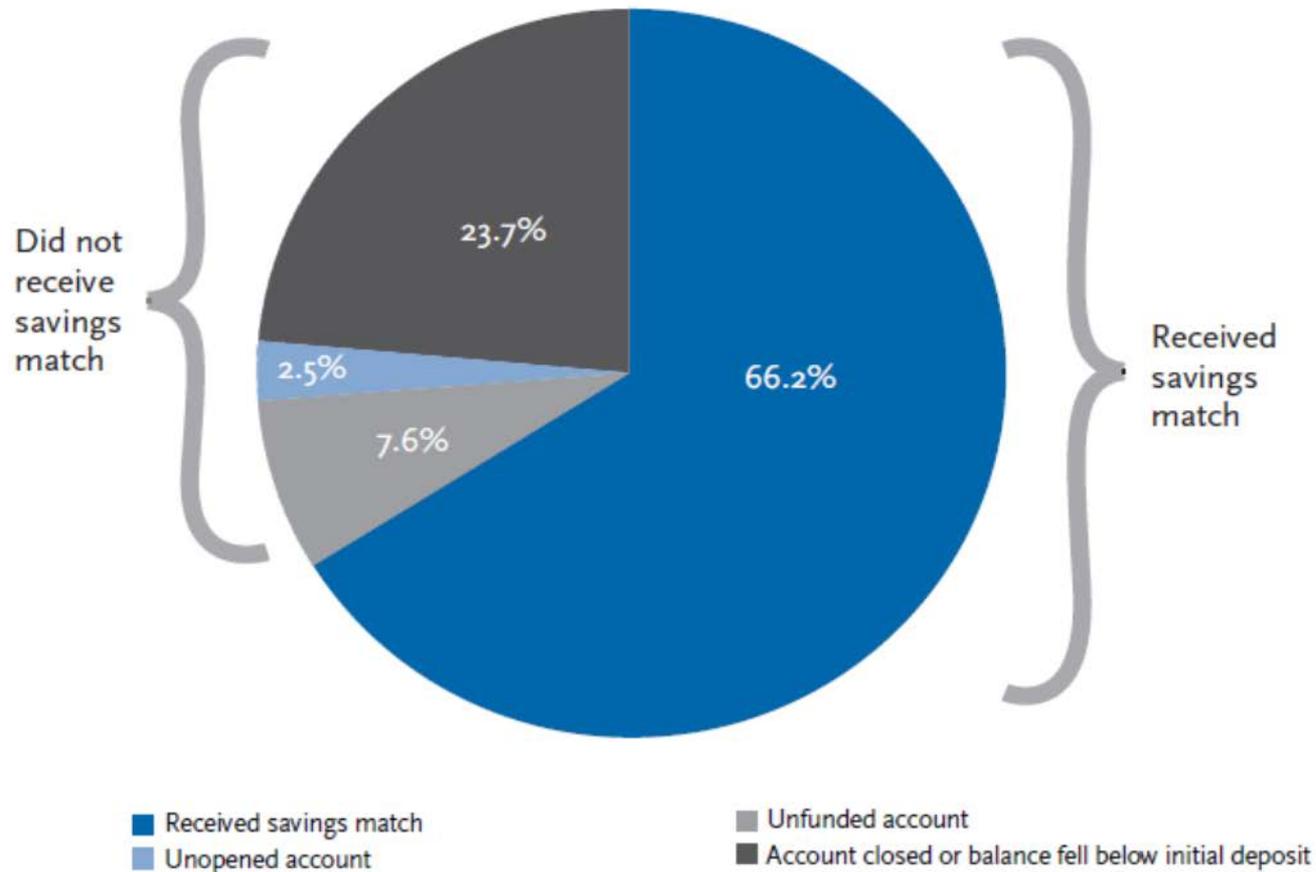
Preliminary Findings from Save USA

CHARACTERISTIC	NYC	TULSA	NEWARK	SAN ANTONIO	ALL CITIES
AVERAGE AGE (YEARS)	40	42	39	46	41
SINGLE TAX FILER (%)	92.1	83.9	91.6	78.3	87.1
SINGLE TAX FILER WITH DEPENDENT CHILDREN (%)	54.4	50.8	58.3	52.0	53.5
AVERAGE ADJUSTED GROSS INCOME (\$)	16,275	18,211	18,657	20,322	17,928
ADJUSTED GROSS INCOME (%)					
LESS THAN \$10,000	30.6	26.6	22.1	17.9	25.9
\$10,000 TO \$19,999	39.3	33.4	37.0	34.3	36.4
\$20,000 TO \$29,999	19.9	25.5	26.6	31.1	24.5
\$30,000 TO \$50,000	10.2	14.6	14.3	16.6	13.3
AVERAGE TOTAL TAX REFUND AMOUNT (\$)	4,111	3,488	3,801	3,435	3,762
RECEIVED FEDERAL EARNED INCOME TAX CREDIT (%)	67.2	68.0	65.6	62.5	66.3
AMONG THOSE WHO RECEIVED THE FEDERAL EARNED INCOME TAX CREDIT, AVERAGE AMOUNT (\$)	2,159	2,175	2,216	2,548	2,241
SAMPLE SIZE	957	707	357	469	2,490

SOURCE: MDRC calculations from study enrollment data collected for the 2010 tax year.
NOTE: Rounding may cause slight discrepancies in calculating sums.



FIGURE 1.
Proportion of Participants Who Received the Savings Match in the SaveUSA Evaluation



SOURCE: MDRC calculations from financial institution data from all four cities for sample members enrolled in 2011.



Why Tax Time Savings?

- Opportunities to save and incentives for doing so already exist within the tax code for higher wealth households – this broadens their availability.
- It leverages a critical windfall moment.
- This research adds to the existing evidence that makes a strong case for using tax time as a significant savings opportunity.





Contact Us

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