AMERICA Saves

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C+R RESEARCH

Impact of the America Saves Program on LOW-INCOME Youth Workers

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Executive Summary

This brief will explore the impact of the **America Saves** program over an eight-month period, from August 2015 – March 2016, following summer employment of these young workers, including the impact on their use of savings tools, their savings attitudes, and their savings behaviors.

America Saves for Young Workers (ASYW) supports and motivates young workers to use direct deposit to save part of their pay through their initial or first-time work experience. The program takes under ten minutes for employees to complete and highlights the use of direct deposit to put money away for both spending and saving. The program uses an employer's current infrastructure to authorize direct deposit and split pay, or make automatic transfers between two accounts.

At the core of all of **America Saves'** efforts is the use of research and evaluation to inform usefulness and effectiveness. In the case of the ASYW program, the most important measurement of effectiveness is young people saving money, knowing how to save, and continued savings. With the generous support of the JP Morgan Chase Foundation, **America Saves** contracted with C+R Research in Chicago because of their 30 years of experience in youth and family research. C+R developed and implemented an eight-month long study conducted in four separate waves of 100 youth each. Over the four waves, a total of 238 youth participated. These youth ranged in age from 16–20 years old, participated in their summer employment program, and had low or moderate family incomes.

Youth from the following organizations participated in the study: One Summer Chicago, Youth Opportunities Unlimited in Cleveland, Keep Indianapolis Beautiful, Milwaukee Area Workforce Board, SLATE and the City of St. Louis, Virtual Enterprises in New York City, SERS Jobs for Progress in Houston, and The Marion S. Barry summer Youth Employment Program in Washington, DC.

Key Findings

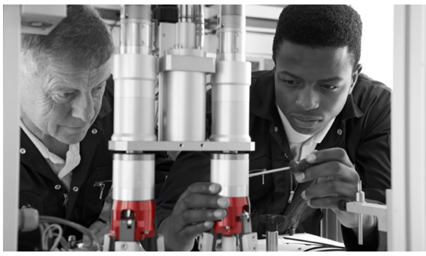
This research reveals an intersection of ambition to earn and save and the opportunity to do so among youth participating in these summer employment programs. This special moment in time then becomes an opportunity for employment programs, financial institutions, and **America Saves** to show young workers how to save and, more importantly, help them set up the systems to save automatically. The interaction of the ambition of these youth and the tools provided to them leads to concrete results and a sense of optimism on the part of these young workers.

Highlights include:

- Low-income urban youth will save consistently when given access to savings accounts, direct deposit and goal setting.
- Following their summer employment, 58% of youth, on average, owned savings accounts, a 66% increase in ownership.
- Following their summer employment in 2015, youth ownership rates for savings accounts exceeded that of national low-income teens by 34%.
- 76% of young workers were given a choice of how to deposit their pay, and an average of 66% self-elected to use direct deposit.
- Following their summer employment program, and corresponding involvement in the **America Saves** program, 80% of young workers had established a savings pattern, an increase of 54%.
- By August of 2015, 61% of young workers had met the pledge goal they had set at the beginning of their summer employment.
- Savings amounts remained relatively steady over time with an average of about $400 saved.
- Youth continued to save after their summer work experience with 61% of young workers having made a deposit 8 months after their summer employment ended, despite only 38% of those youth being formally employed.

Savings tools and their use among young workers

When we asked young workers what would make it easier to save money, many noted having the right tools to do so would be critical to their success of building their savings and reducing their spending:



> "It'll make it easier to save money if I would create an account and right after I get paid put money in my account so I can't go spend it right away."

> "A reminder every month to put money in savings."

> "Direct deposit so a portion of my money can go into my savings and I wouldn't even have to worry about it."

> "Depositing money into savings account as soon as possible."

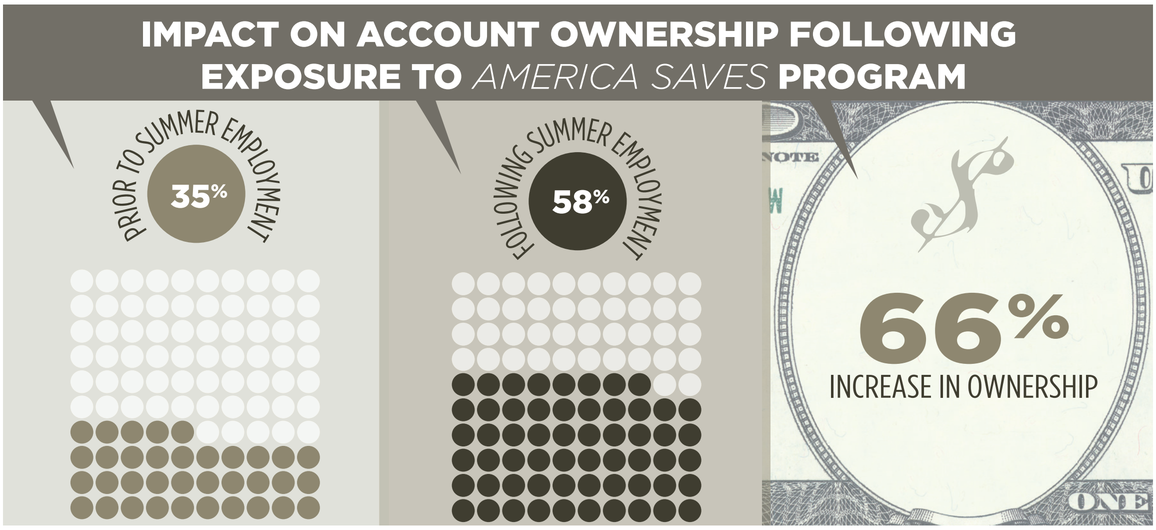
> "That I can have my job put money into my savings account so I won't be able to spend it all."

> "If I open a savings account at a bank or credit union."

The partnership between **America Saves** and the participating urban youth employment programs has had a positive influence on savings behavior by increasing the ownership and use of savings tools.

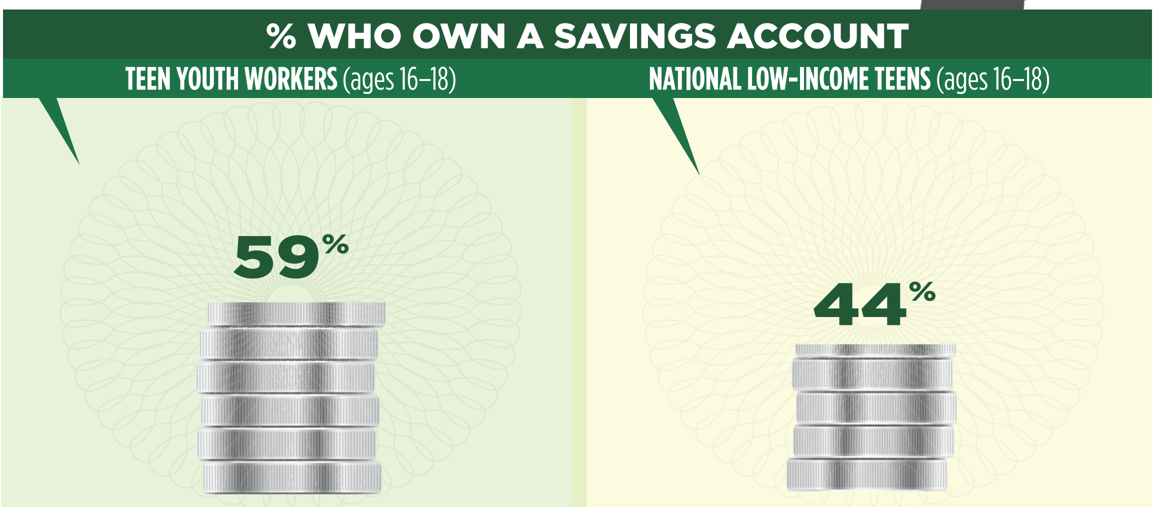
Impact of opening of savings accounts

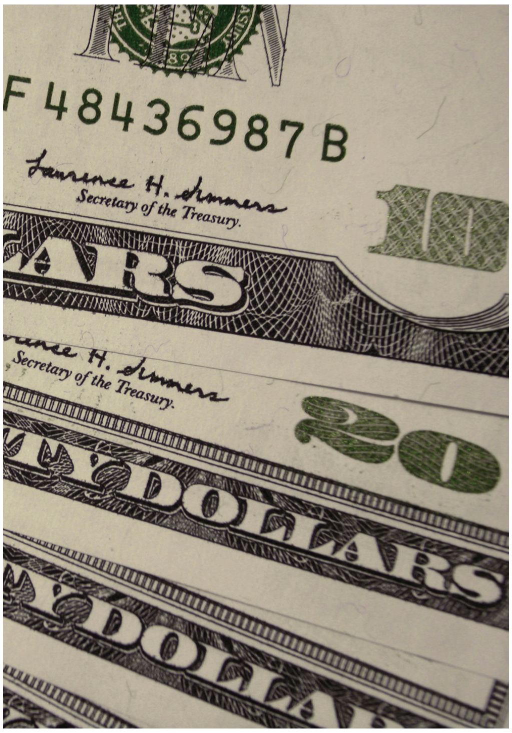
Prior to starting their 2015 summer employment, and their exposure to the **America Saves** program, only 35% of these youth, on average[1], had savings accounts. Following their summer employment, 58%, on average, owned savings accounts, a 66% increase in ownership.



National data is sourced from YouthBeat®, C+R Research's best-in-class syndicated youth research study. YouthBeat® comes from people who have a deep, authentic, and holistic understanding of youth. We are endlessly fascinated by how kids, tweens, and teens evolve themselves and the culture at large. YouthBeat's purpose is to collaborate with organizations to strategically improve their offerings to best meet the needs of today's young people.

After their summer employment in 2015, teen ownership rates for savings accounts exceeded that of national low-income teens.

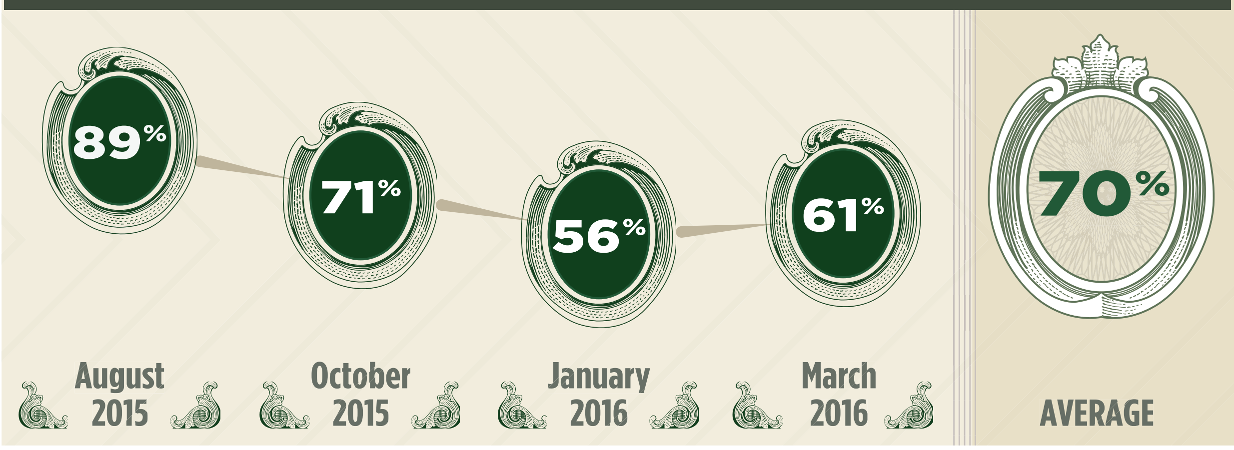




Use of their savings accounts has been maintained over time by most, with 61% of young workers having made a deposit 8 months after their summer employment ended, despite only 38% of those youth being formally employed. During the school year, savings account ownership among a majority of these young workers is being maintained even longer;

76% of young workers expect to use the same account they had in 2015 for their upcoming summer employment plans for 2016, which equates to a 76% account retention rate among those who opened an account.

% WHO MADE A DEPOSIT INTO THEIR SAVINGS ACCOUNT WITHIN THE PAST MONTH



Impact of use of direct deposit

During the program, young workers were encouraged to sign up for direct deposit to facilitate their savings habits. Many of the employment programs gave young workers the choice of how to be paid, and 76% of young workers were allowed to choose their payment method for their paychecks. Of those 76% of young workers who were given a choice, an average of 66% elected to use direct deposit for their pay.

Once introduced to the use of direct deposit, most young workers tended to make repeated use of direct deposit for their pay in subsequent jobs.

When interviewed in August of 2015, after their summer employment ended, four in ten young workers (41%) were employed in another job. 61% of those who remained employed in another job after their summer employment were maintaining their pay through direct deposit. In March of 2016, as these young workers anticipated their next summer employment, 84% expected to be employed in some way, with 79% hoping they can use direct deposit for their future pay with that job.

Savings Behaviors and Habits

Prior to starting their 2015 summer employment, and their exposure to the **America Saves** program, 52% of young workers had no previous savings habits.

> “I didn’t have a bank account before my summer job so I had nowhere safe to put my money; therefore, I spent it.”

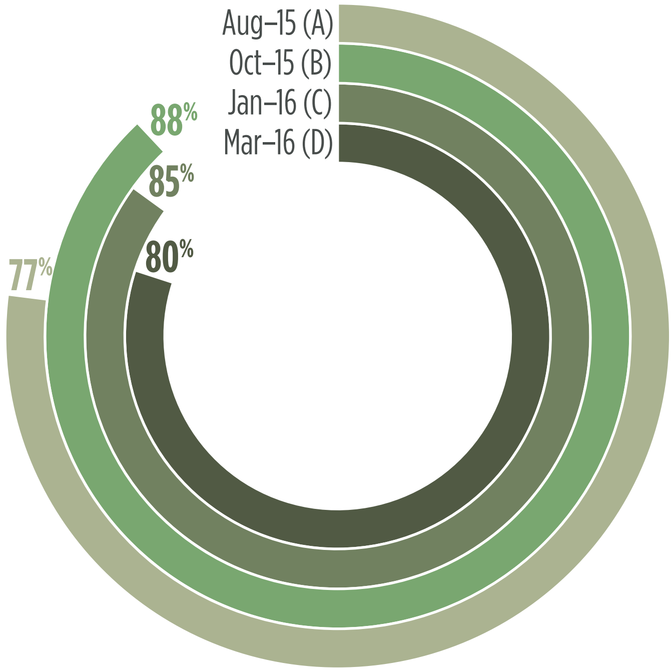
> “Because, I didn’t have a savings account before the summer job.”

> “I hadn’t been saving money, because I never really knew how important it was until I got introduced to America Saves…”

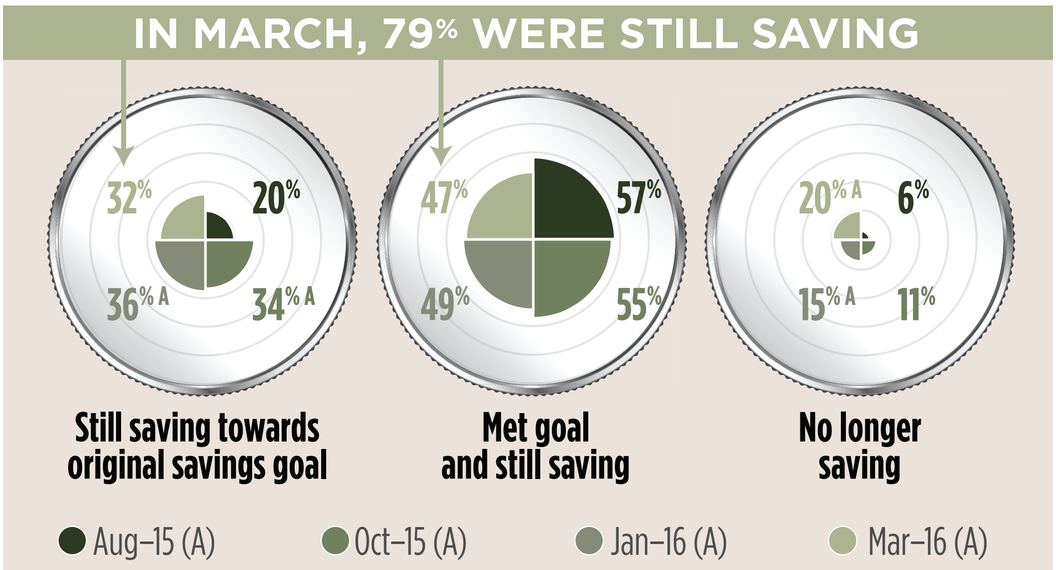
> “Because I didn’t have any money back then.”

> “I never actually did [start saving] until after the America Saves presentation.”

Following their summer employment program and corresponding involvement in the **America Saves** program, 80% of young workers had established a savings pattern, an increase of 54% who established a new savings routine.



The **America Saves** program encouraged good savings behaviors by having young workers set a savings goal. By October of 2015, 61% of young workers had met their pledge goal. By March, 41% of those who had met their goal chose to set a new goal to continue saving. Furthermore, the proportion of young workers who maintained a savings habit remained relatively consistent over the 8-month period that we interacted with them.



Young workers decided to take the savings pledge through **America Saves**:

"To help guide me to success and teach me how to save and not spend it on dumb things."

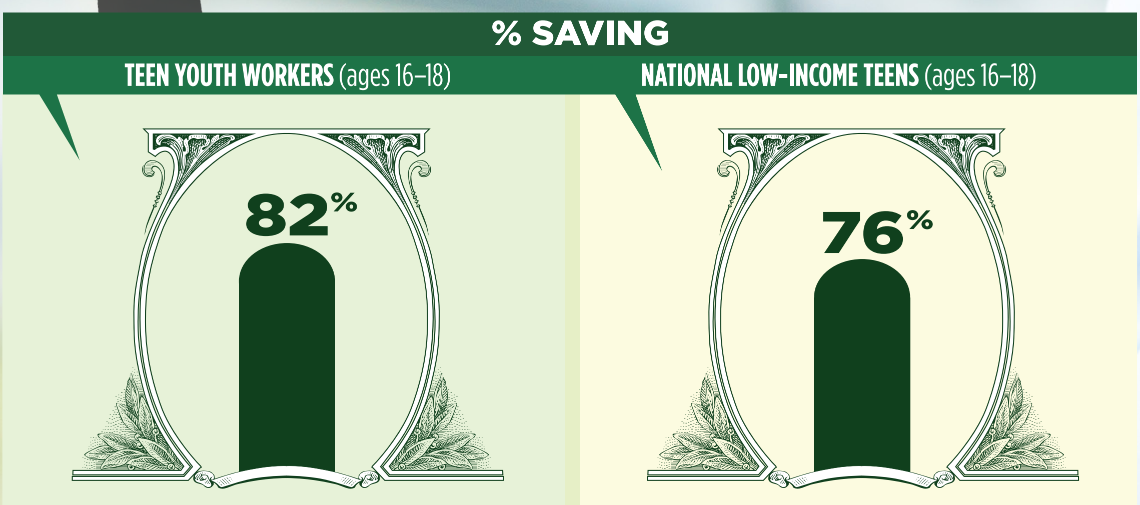
"[Because] I know cars are expensive, so every time I go to clothing stores or any place that I enjoy going. I think about my budget and how much I should spend in order to have enough to pay for the car I wanted. The emails and text messages reminded me at the right time that I have a goal I'm trying to reach and without it I would have probably spent all of my money."

"[Because] I have a hard time saving my money. If I don't save and put some away I will spend it immediately."

"Because in time of need, I need to always have money to help either myself or a family member."

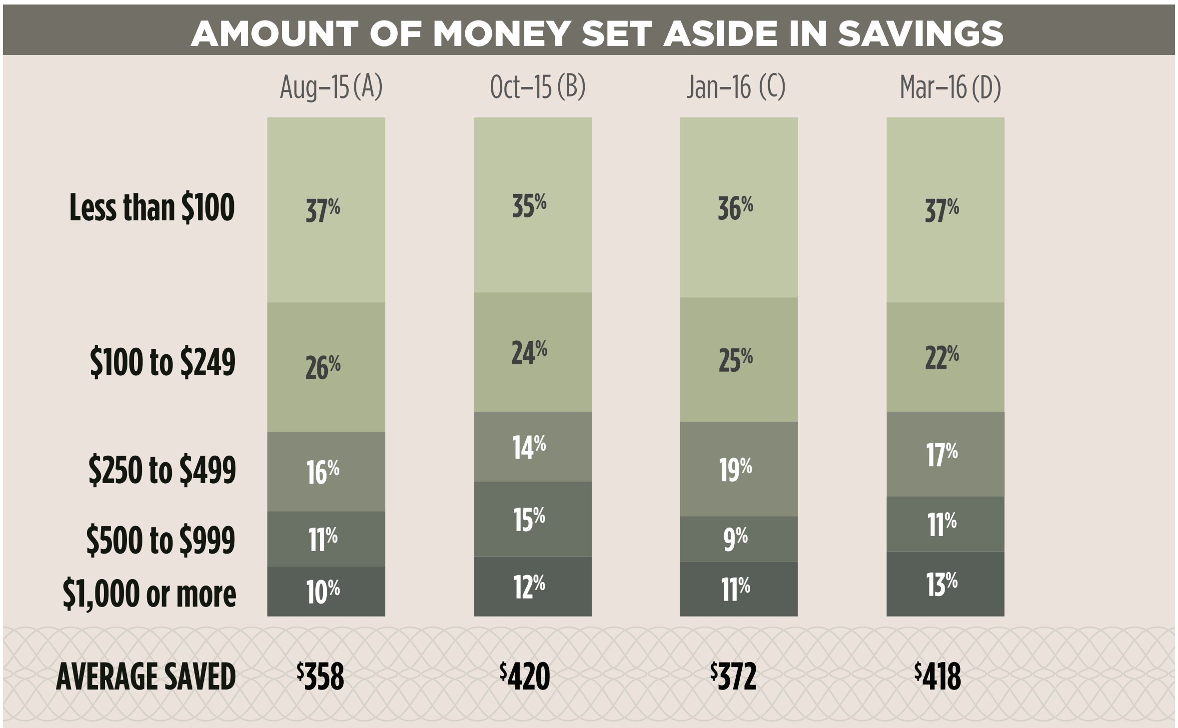
"[Because] I come from a low-income family, and I will be relying on scholarships to pay for college. I don't want to take out loans so I wanted to start saving in order to pay from my own money whatever scholarships won't cover."

In comparison to national data provided by C+R Research's YouthBeat® syndicated data, the young workers who participated in the **America Saves** program in the Summer of 2015 are saving at a significantly higher rate than national teens[2].



Maintenance of Savings Behaviors

As expected, young workers admitted to spending some of their savings over time, particularly the farther they got from their summer employment. While many used their savings for purposes other than their goal (58%), nearly half used their savings towards their initial goal. Most young workers (60%) who did withdraw from savings for a purpose other than their goal claimed that they only used some or very little of their total savings.And, despite over half of young workers having used some of their savings already, savings amounts remained relatively steady over time with an average of about $400 saved, likely a result of continued contributions to their savings accounts post-summer employment.



Even though young workers didn't have consistent employment when they were back in school and done with their summer employment (43%), 61% of young workers claim to have made a deposit to their savings account in the month of February 2016. These continued savings habits were maintained because young workers enjoyed seeing their savings grow (42%), had already established the habit (44%) and the program helped them realize how easy it could be to save (39%).

Over the 8 months that we interacted with young workers, they consistently expressed an understanding that it's important to save as much as they can (82% on average) and know the best way to save is by putting money directly into a savings account (72% on average) which enabled them to feel confident that they know enough about how to make their savings grow (68% on average).

In Summary

The collaboration between **America Saves**, Urban Youth Employment Programs, and local banks and credit unions has helped young workers gain access to the right savings tools while providing support and guidance to help them establish a successful and sustained savings habit.

Methods and Notes

Starting in August of 2015, and over the course of the following 7 months, **America Saves** partnered with C+R Research Services, Inc. to survey young workers who had been introduced to the **America Saves** program following their summer employment through organizations that coordinate, manage and implement summer youth employment through government and private foundation funding. The research was developed to track the savings attitudes and behaviors of young workers at key points in time following their summer employment and prior to them being engaged in new summer employment for the summer of 2016.

Young workers ages 16 to 20 who were employed through employment programs in Cleveland, Washington DC, Houston, Milwaukee, St. Louis, New York City, Chicago, and Indianapolis were invited to participate in 4 different surveys (with the same survey content) in August 2015, October 2015, January 2016, and March 2016. For each survey, 100 young workers were surveyed representing a 3.6% coverage rate of the 2,771 young workers that were a part of the summer employment program. This coverage rate is much higher than the average coverage of a fraction of a percent for most marketing research studies.

The population being sampled (**America Saves** participants) is more homogeneous than the general population, so there is less variability to mirror in the sample; meaning a sample size of n=100 is an appropriate and sufficient representation of the **America Saves** young worker population as a whole.

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The partner organizations who employed these young workers through summer employment programs include:

- One Summer Chicago—Chicago
- Youth Opportunities Unlimited—Cleveland
- SERS Jobs for Progress—Houston
- Keep Indianapolis Beautiful—Indianapolis
- Office of Financial Empowerment—Miami
- Workforce Investment Board—Milwaukee
- Virtual Enterprises, Inc.—New York City
- City Treasures office and SLATE—St. Louis
- Office of Banking and Insurance—Washington, D.C.

[1] *Interviewing for this survey was conducted over 4 waves following summer employment: August 2015, October 2015, January 2016, and March 2016. When average numbers are noted, it reflects the average of the data across all four waves of interviewing.*

[2] *National data on low-income teens is sourced from C+R Research's ongoing syndicated youth research survey, YouthBeat®, and is based on teens aged 16 to 18 with a reported annual household income of less than $50,000. Data from this research was rebased to reflect the same age range of teens for comparison purposes.*