

A \$500 Lifeline: Pandemic Cash Grants Help Low-Income Americans Survive a Summer of Uncertainty

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Within a month of the COVID-19 pandemic shuttering American life, SaverLife sprang into action to provide critical one-time emergency grants of \$500 or \$1,000 to almost 5,000 families struggling to make ends meet in the face of overnight income disruption and rising expenses.

A comparison of SaverLife transactional data of cash grant recipients vs. non-recipients clearly demonstrates the effectiveness of these grants in stabilizing family finances during the early months of the pandemic. In addition to providing immediate financial relief, SaverLife found the grants had a stabilizing effect that lasted several months. **The results are in: direct relief works.**

In addition to cash grants, SaverLife partnered with Neighborhood Trust to facilitate onboarding and recruitment of vulnerable families and provide one-on-one financial coaching to help cash recipients make a financial plan.

Together, SaverLife and Neighborhood Trust began to distribute cash grants and provide financial coaching to those most in need of support. Recipients included SaverLife clients across the United States; Neighborhood Trust clients including residents of the Bronx, home health care workers, and food-service employees; and, small business owners and their employees through partnerships with Accion Opportunity Fund, AEO MainStreet Rise, and the United Way of Newark.

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Key Findings

Cash grants increase savings balances—**protecting against continued uncertainty**



Cash grants help SaverLife members stay current on debt payments



Cash grants **promote food security**, especially for those who need it most



1

Cash Grants Boost Savings Balances— Protecting Against Continued Uncertainty

For many recipients, a \$500 cash grant in the late spring built a savings cushion in preparation for continued economic uncertainty. With enhanced CARES Act unemployment benefits ending in July, and 83% of SaverLife members reporting incomes below pre-pandemic levels, SaverLife members had the foresight to save and prepare for an unpredictable summer.

Take Rachel, for example. She lost her job as an office manager and was struggling to find a new job with commensurate pay. She put her SaverLife grant straight into her emergency savings account. She hoped the additional savings would help her weather future financial turmoil.



“I have been a regular saver but I didn’t have six months of living saved up or anything like that.”
-Rachel

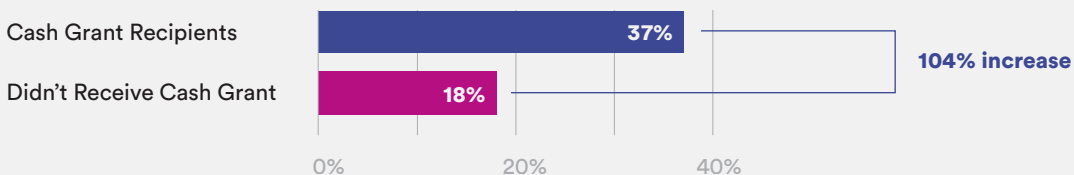
Or Kimberly, whose flourishing small business came to a grinding halt when shelter-in-place orders went into effect. She used some of her grant to pay bills for her business and then put the rest into savings.



“I have just reserved the rest since I have yet to receive any other financial help and my business is just a trickle right now. I can’t spend it all at once, even for necessities.”
-Kimberly

For those who received a \$500 cash grant from SaverLife, the cash provided a starting place to build a larger savings cushion.

Percentage of Members Saving \$100 in May




Recipients of the cash grant were **104% more likely in May, and 54% more likely in June, to increase their savings account balances by \$100, versus those who didn't receive it.**

2

SaverLife Members who Received Cash Grants Made Higher Credit Card, Loan, and Mortgage Payments, a Good Sign for Housing Stability

The data shows a steady level of spending on loans and mortgages amongst cash grant recipients, which may be a proxy for housing security overall. In May, the median spending on loans and mortgages for grant recipients was \$300, a 1% increase from the average in January through April. Those who didn't receive cash grants saw a median decrease of 11%.

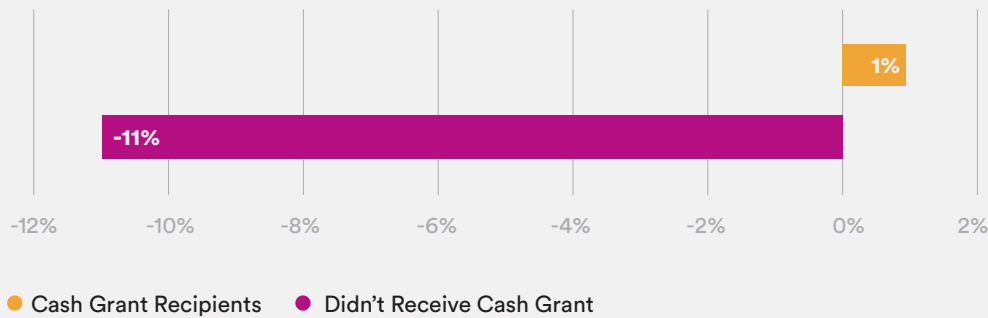
Tara used money from her grant to pay off the debt she incurred from her COVID-19 medical expenses.



“It helped me catch up with the creditors.”
-Tara

Cash Grant Recipients Were Able to Maintain Payments on Loans and Mortgages

Change in Median Loan and Mortgage Spending in May vs. Jan - Apr Average



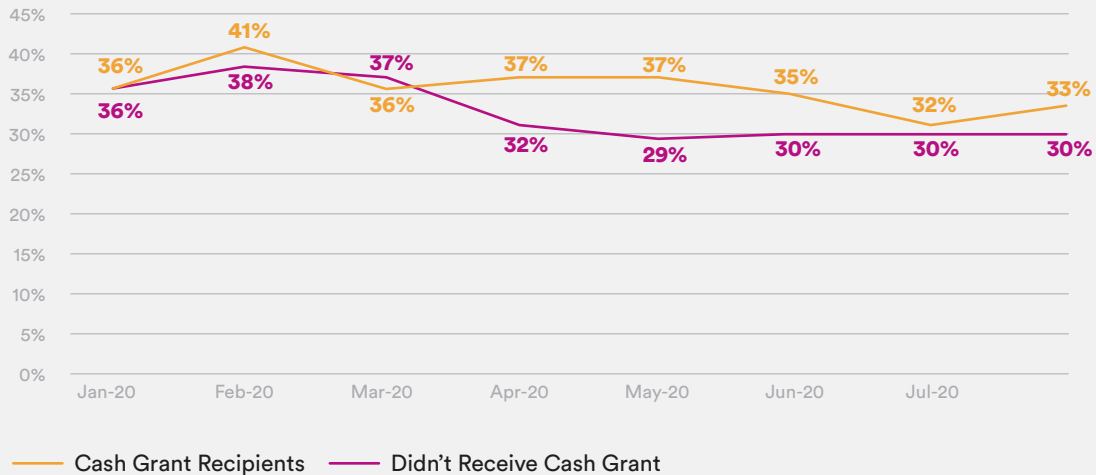
The change in median mortgage payments could mean greater housing stability for a population where 26% of homeowners are worried about foreclosure.

And while rent payments are hard to see in the data, a similar concept could apply for the 67% of renters who are worried about eviction.

In May, cash grant recipients who made credit card payments were 28% more likely to pay over \$500 than those who didn't receive them. In June, that trend continued, with grant recipients being 17% more likely to make payments over \$500.

Cash Grants Made it Easier to Make Large Credit Card Payments

% of Members Paying Over \$500 by Month



The ability to pay credit card bills is more important than ever. Overall data on SaverLife members indicates that the **median credit card balance for people in households earning under \$50,000 per year is up 38% from September 2019 versus September 2020.**

Both Rhiannon and her husband were essential workers, but with an immunocompromised daughter and daycares shutting down, her husband had to take a leave of absence from work—for which he only received 2/3 pay.

The family relied on credit cards to fill in the gap caused by rising bills from sheltering in place and reduced income.

Rhiannon put \$400 from her SaverLife cash grant toward their credit card bill.



“We were spending more on groceries than normal. We used credit cards and saved everything we could. We didn't do any unnecessary spending.”
-Rhiannon

3

Cash Grants Promote Food Security, Especially for Those who Need it Most

While grocery spending is up across the board since the pandemic began, people who received cash grants increased spending on groceries by 5% in May, and then again by 7% in June, compared to people who didn't receive cash grants (down 5% in May, and flat in June).

Three members of David's family survived COVID-19. While he spent weeks struggling to receive unemployment benefits, he was able to use some of his SaverLife grant to buy groceries for his family.



"Without this, I would be at \$0 in my bank account right now."
-David

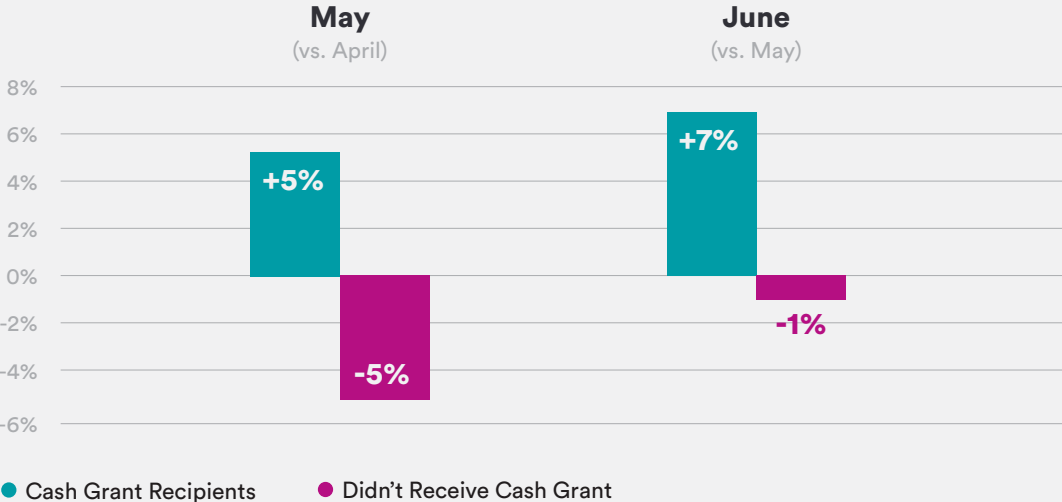
Nade ran a small cleaning business that was decimated by the pandemic. She used a portion of her grant to pay rent for the month, and saved a little bit for essentials.



"Whether you used [the grant] for rent, electricity, or groceries—it just takes the weight off our shoulders a little bit."
-Nade

People who Received a Cash Grant Increased Their Grocery Spending

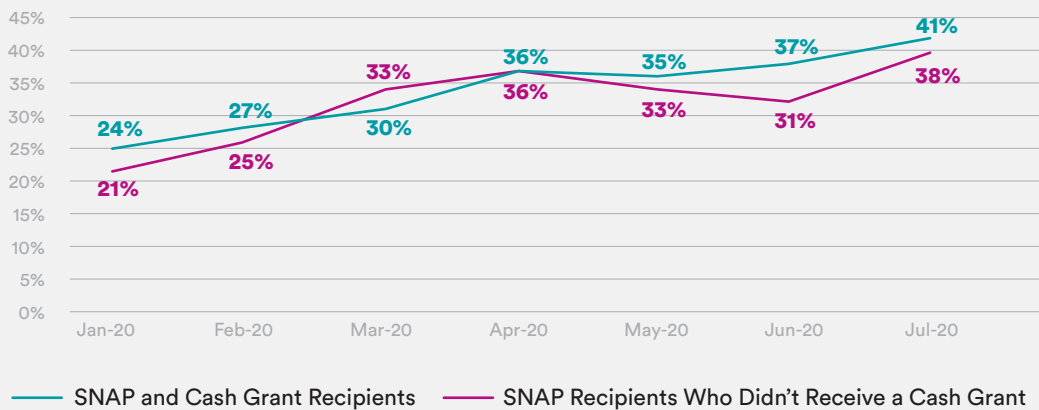
Month Over Month Change in Median Grocery Spending



This change is especially visible for SNAP recipients, whose nutrition expenses are subsidized by the government. Because many schools and childcare facilities are not yet fully reopened, many people are needing to spend more money to feed their families—without a corresponding increase in assistance from the federal government. SaverLife members who received SNAP assistance and also received a cash grant were 19% more likely in June, and 8% more likely in July, to spend over \$250 on groceries versus SNAP recipients who didn't receive a cash grant.

Cash Grants Led to More Food Security for SNAP Recipients

SNAP Recipients Spending Over \$250 on Groceries



The Results Are in: One-Time Cash Grants Built Financial Security



This financial boost offered critical support to help people survive the continued unpredictability of the pandemic, a precarious economy, and an increasingly volatile political climate. SaverLife transactional data demonstrates that a one-time cash grant in the middle of an

unprecedented pandemic had a significant impact on the wellbeing of low-income families. Not only did it help members save for an uncertain future, but it also ensured they could put food on the table, stay current on bill payments, and keep a roof over their heads—none of which can be taken for granted in 2020.

Methodology & Demographics of Study Participants

This analysis focuses on 915 SaverLife members who had recently experienced income dips and were randomly selected to receive cash grants in May. This group was chosen because there was enough historical data to evaluate how cash disbursements were spent. The group was sourced from the general SaverLife population at random, making them the

best comparison group to the overall SaverLife population who didn't receive cash grants. In order for all data from 2020 to be analyzed, both the control and treatment groups were limited to individuals who linked accounts to the SaverLife platform prior to January 1, 2020.



Age

18-20	1%
21-24	4%
25-34	31%
35-44	26%
45-54	25%
55-64	7%
65+	6%



Education

Less Than High School	1%
AA/Vocational School	1%
GED/High School	67%
Some College	0%
BA/4-Year College	29%
Graduate School	3%



Ethnicity

Asian	6%
Black/African-American	26%
Hispanic or Latino	9%
Multiple	9%
Native American	0%
White	49%



Gender

Declined to state	13%
Female	67%
Male	20%
Non-binary	0%



Region

Northeast	20%
South	37%
Midwest	21%
West	22%



Household Income

\$0-\$15,000	22%
\$15,000-\$25,000	13%
\$25,000-\$35,000	15%
\$35,000-\$50,000	22%
\$50,000-\$75,000	16%
\$75,000-\$100,000	10%
\$100,000+	2%

About Us



SaverLife's mission is to create prosperity for working families by helping them save and invest in their futures. More at about.saverlife.org.