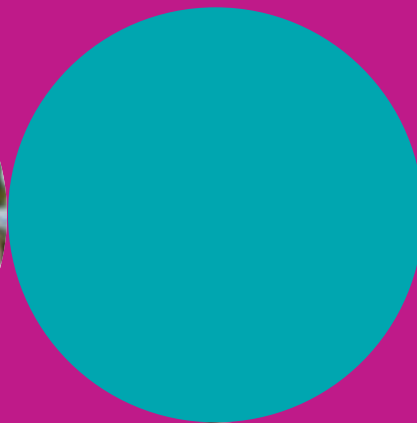


2020: And Yet, They Saved

The Year in Review

SUPPORTED BY METLIFE FOUNDATION



Signs of Hope Amidst Hardship: Unprecedented Resilience

No life has been left untouched by the COVID-19 pandemic. As the virus spread last spring, offices shut down, grocery store shelves emptied, and unemployment rates soared.

When the pandemic took hold, SaverLife members and their families experienced acute losses—to their health, the health of family and friends, and their job security and financial stability. Suddenly, members were confronted with the impossible task of surviving, isolated and in fear.

In 2020, we spoke with our members frequently to understand their experience coping with the pandemic and published

more than 40 rapid data insights exploring the financial ramifications of the pandemic. We talked to people struggling with unemployment, remote schooling, the racial wealth gap, and the skyrocketing cost of feeding their families. We also saw—in spite of the fear, the uncertainty, and the dismal outlook—signs of hope. SaverLife members worked to build their financial resilience by saving what they could, when they could.

2020 was “unprecedented” in so many ways—and yet we learned so much from our members about their experience, their resilience, and the work we can do in 2021 to pave the way for a better future.

Top Learnings from 2020:

- 1 Cash infusions have a significant impact:** One-time cash grants of \$500 led to a 104% increased likelihood of saving at least \$100 in May—a boon for a population of which 84% reported being underemployed at the time.
- 2 SaverLife members are motivated to take action:** In the wake of a pandemic that disproportionately impacts members of color and a summer of nationwide protests against systemic racism—SaverLife members of color were far more likely to recognize systemic issues as the cause of the racial wealth gap and were motivated to take action.
- 3 Small amounts of savings make a big difference:** Small amounts of savings are more important than ever. As little as \$250 greatly increases someone’s chances of achieving housing security, keeping their lights on, and avoiding high-cost debt.
- 4 Members are resilient:** The COVID-19 pandemic has led to a 22% higher likelihood of members making large savings withdrawals and 44% higher credit card balances vs. 2019—and yet families are still nearly as likely to increase savings balances today as they were a year ago.

The Year in Review:



Winter {pre-pandemic}

We kicked off 2020 with a [partnership with the Financial Health Network](#) reviewing the impact of several approaches to a new savings competition called the Race to \$500. These approaches built upon previous research by incorporating prize-linked savings, motivational text messages, and peer comparison.

The results showed that messages using an empowering tone were the most effective at encouraging savings. This tone increased savings deposits by 53%.

Empowering

They never would have thought we'd come this far: halfway through the Race to 500, we're 40% of the way to our goal of \$10 million. Keep saving!

Supportive

Halfway through the Race to 500, we're 40% of the way to our goal of saving \$10 million. We'll make it happen but we've got work to do. Save what you can today!

Commanding

Halfway through the Race to 500, we're 40% of the way to our goal of \$10 million. No more messing around. It's time to save the loot!



Spring

Understanding the power of empowering messaging was critical when the world came to a screeching halt in March 2020. [Through a partnership with Columbia Business School, we published data showing that the impact of the global pandemic was swift and heartbreaking for SaverLife members.](#) The paper tracked household spending changes in the earliest days of the pandemic, while also measuring the critical role the federal stimulus played in mitigating those effects across racial, gender, and other demographic lines.

“I don’t have any savings anymore, because after this everything I had is gone. It’s been week-to-week and month-to-month. We are just trying to survive. We scrape by.”



– Ed

“I’ve been doing the work of three or four people for less pay.”

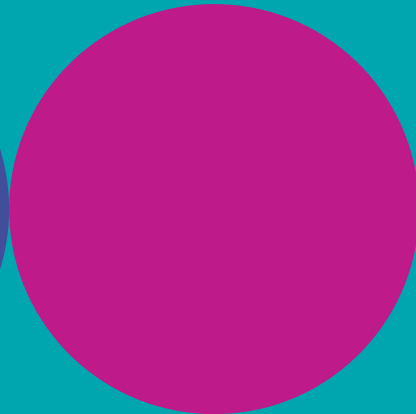


– Carrice

“Even though we’re in a pandemic, the bills didn’t stop—nothing stopped.”



– Kimberly

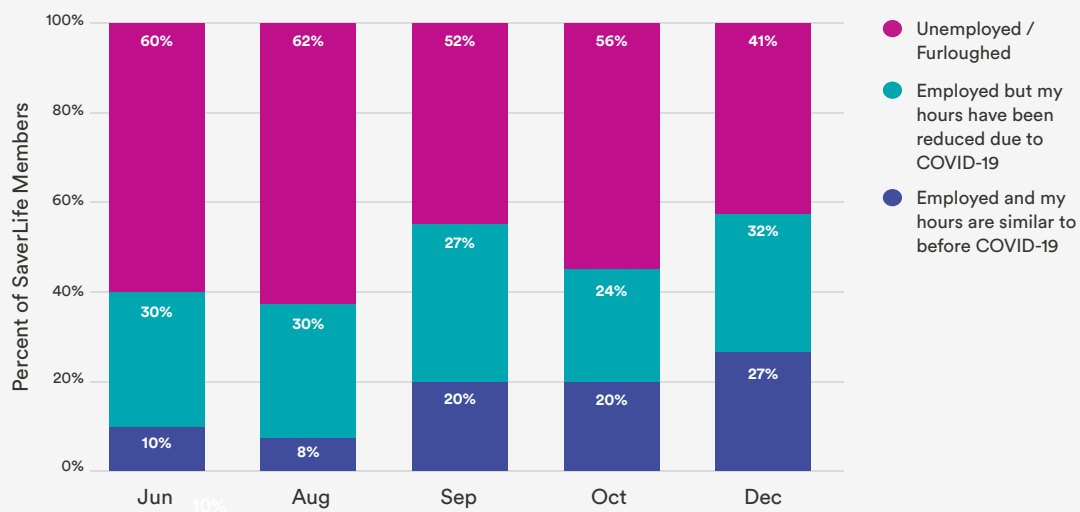


During this time we also collected data on how the pandemic was impacting SaverLife members' employment and income.

In June, 90% of members reported that their hours had been reduced or they had been furloughed—and that number rose to 92% in August. When we surveyed members again in December, almost three-quarters were still struggling to survive with less income.

Shelly, for example, started a new job at AutoZone in March. Within weeks her hours were cut and she was forced to find a new job at Walmart. When they cut her hours, she took another job at Amazon. As a result of her reduced income, she fell behind on rent and was evicted. Luckily, Shelly found a new apartment with a more accommodating landlord and has had steady work since the fall of 2020.

2020 SaverLife Member Employment



*Based on 2,763 responses collected between June and December.

**Excludes individuals who indicate questions about employment doesn't apply to them (roughly 8% of respondents).

***Includes male and female SaverLife members

“Walmart gave me 40 hours starting out, and then the pandemic began to affect them and my hours got cut there too. It’s been a struggle.”

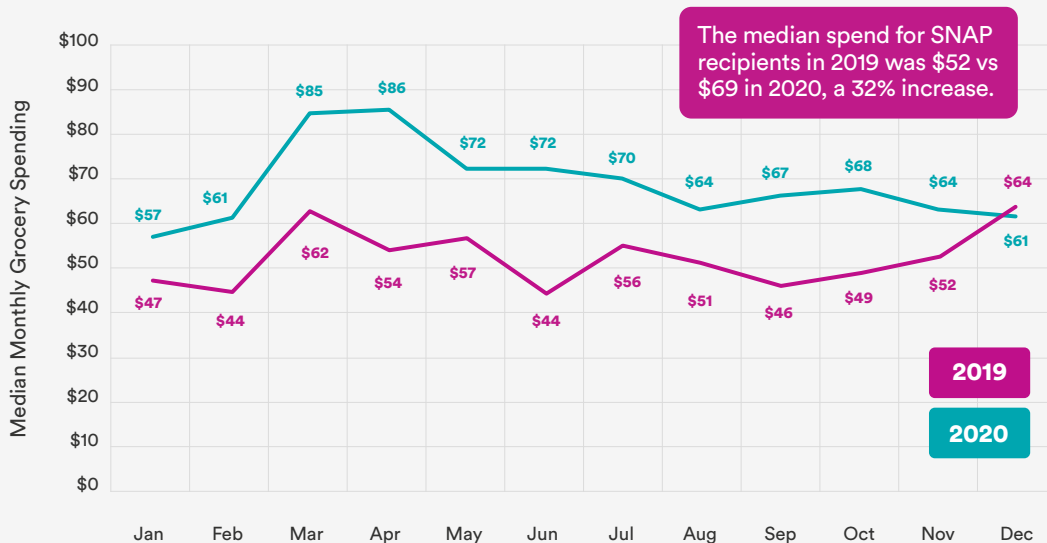


– Shelly

SaverLife members also struggled with increased expenses as a result of school closures and an inadequate government response to increase SNAP benefits. Spending on groceries was up 23% in 2020 vs. 2019—not a small sum for families making a median of \$25,000 a year.

Recipients of SNAP benefits—a nutritional assistance program predominately serving households with children, the elderly and disabled—were hit hard with a loss of income, delay in the increase of SNAP benefits, and with the widespread closure of schools leading to higher grocery bills to feed their now-remote-schooled families.

SNAP Recipients Are Spending a Lot More on Groceries in 2020



With four people at home all day, Rhiannon’s grocery and utility bill nearly doubled. “We used credit cards and saved everything we could. We didn’t do any unnecessary spending.”

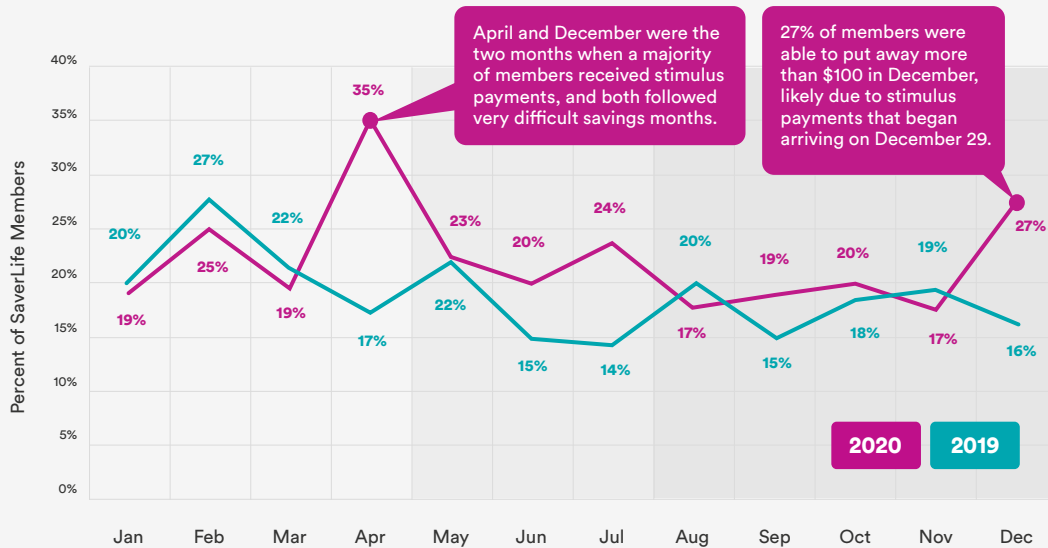


– Rhiannon

Despite the overwhelming impact of the pandemic on members' finances and livelihoods, members kept saving when they could, particularly in April and December, when many families received stimulus payments from the federal government.

Saving More Than \$100 a Month: 2020 vs. 2019

SaverLife Members Saving \$100+ by Month



Despite her reduced income, Carrice put money away during the pandemic. "Right now I have \$105 in savings, which makes me feel a little bit better."

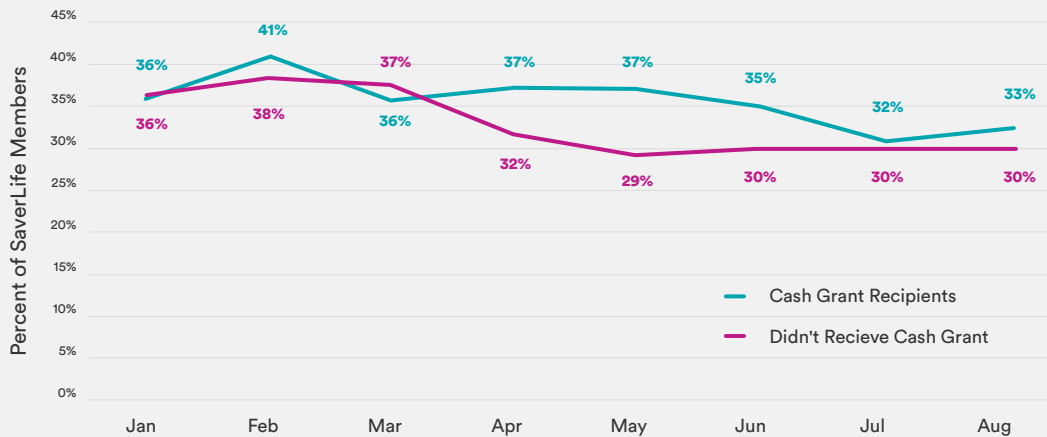


- Carrice

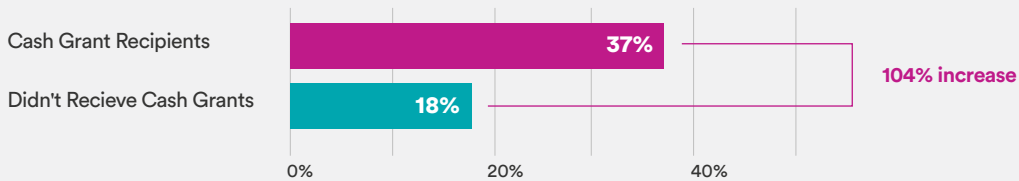
When SaverLife began distributing \$500-\$1,000 payments to help people survive, members were able to save more, make bigger credit card payments, and maintain financial resilience.

Cash Grants Make it Easier to Make Large Credit Card Payments

% of Members Paying Over \$500 by Month



Percentage of Members Saving \$100 in May



Tara used her grant to make a payment on a credit card bill she incurred due to COVID-19 medical expenses. "It helped me catch up with the creditors."



- Tara



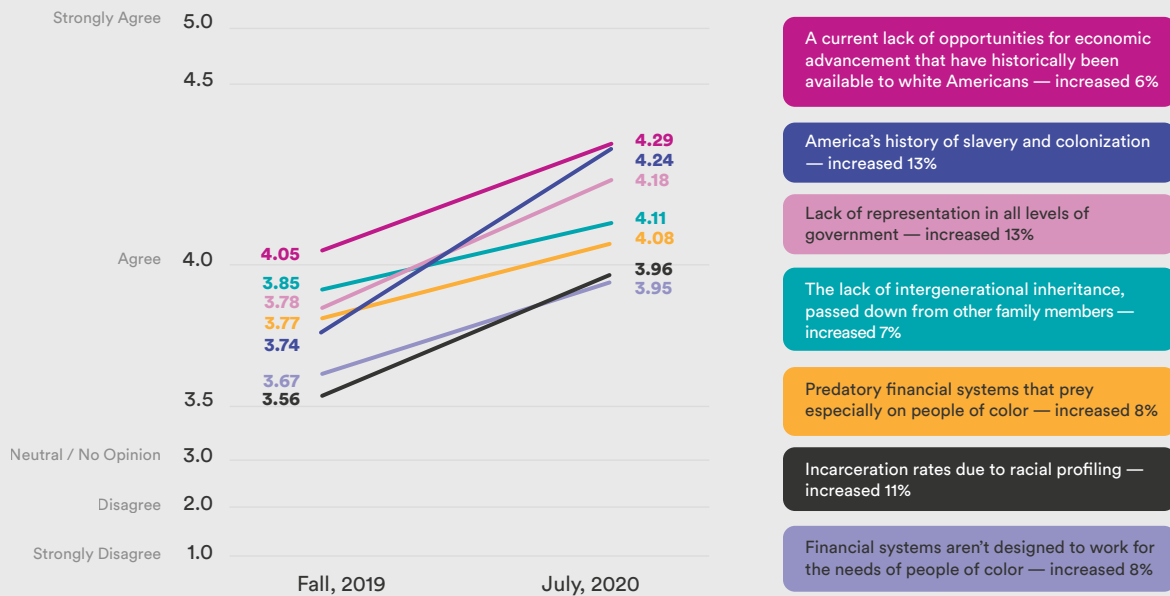
Summer

In June, [we partnered with Liberation in a Generation to better understand members' attitudes towards the causes and potential solutions of the racial wealth gap in the wake of the events of 2020—and compare these responses with earlier research.](#)

We also wanted to know what kind of policy proposals members would support in the upcoming election. We found that in the wake of protests against police brutality, SaverLife members were far more likely to attribute structural issues as causes of the racial wealth gap. These members planned to vote for candidates who prioritize access to basic necessities.

What Are the Causes of the Racial Wealth Gap?

Weighted Score of How Likely SaverLife Members of Color Were to Agree with Each Statement



“Voting for candidates who prioritize basic necessities is very important to me because it shows me the candidate puts every individual into consideration regardless of their economic background.”



– Tolulope



Fall

We closed out the year with a [groundbreaking report, published in partnership with the FINRA Foundation](#), that shows how significant small amounts of savings can be for SaverLife members. Just \$250 in savings greatly improves the likelihood that a family will have increased housing security, the ability to pay utilities bills, and the ability to avoid high-cost borrowing.



Savings balances **above \$250** are correlated with **increased housing security**.



Housing savings balance **above \$100** is strongly correlated with **avoiding high-cost borrowing**.



Households that maintain a savings balance **above \$100** are significantly better able to **keep utilities on**.



Maintaining a **savings balance of \$100+** correlates with greater likelihood of **financial satisfaction** in life.

Looking Ahead to 2021

2020 was a challenging year for the entire world, but it was especially challenging for low-to-moderate income American families. Our members were hit hard by unrelenting unemployment, ongoing underemployment, heightened expenses due to a lack of in-person schooling and stay-at-home orders, and a summer of national unrest.

Yet, despite facing more difficulties than ever before, our members showed resilience and hope. Fifty-eight percent of members were able to increase their savings balances in December 2020. In the face of seemingly impossible odds, SaverLife members continue to fight for their financial futures. We remain committed to fighting for their futures alongside them.

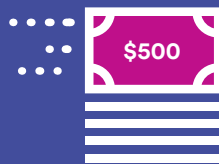
3.2X

the savings rate



55%

of users deposit \$500



10.7%

of income into savings



SaverLife (formerly EARN) is a nonprofit on a mission — to inspire, inform, and reward the millions of Americans who need help saving money. Through engaging technologies and strategic partnerships, we give working people the methods and motivation to take control of their financial future.

For more SaverLife research, please visit about.saverlife.org/research