

# Promoting Savings at Tax Time

SAVERLIFE | MARCH 2020

In January 2020, SaverLife published a report with Prosperity Now and the Social Policy Institute at Washington University in St. Louis that evaluated tax time savings interventions and behaviors.

SaverLife is a nonprofit fintech company that was founded to help low income people become better at saving money using various rewards and other positive reinforcement. What follows are the results of the study.

In the report, we explore the behaviors and outcomes related to savings and financial well-being of low and moderate-income (LMI) tax filers in the United States. Through surveys administered at or near the moment of filing taxes and then three to six months later, we examined how tax filers used their tax refund and the role that the refund plays in filers' financial lives and financial well-being.

This analysis is unique in that it compares tax filers' outcomes over time across three different tax-filing and savings program platforms: volunteer income tax assistance (VITA) sites, online tax filing through the Turbo Tax Free File Product (TTFFP) and SaverLife.

## Background

**653**

SaverLife members participated in this program



**\$27,300**

average income level of participants



Dec 2018 —  
April 2019

Tax time intervention duration



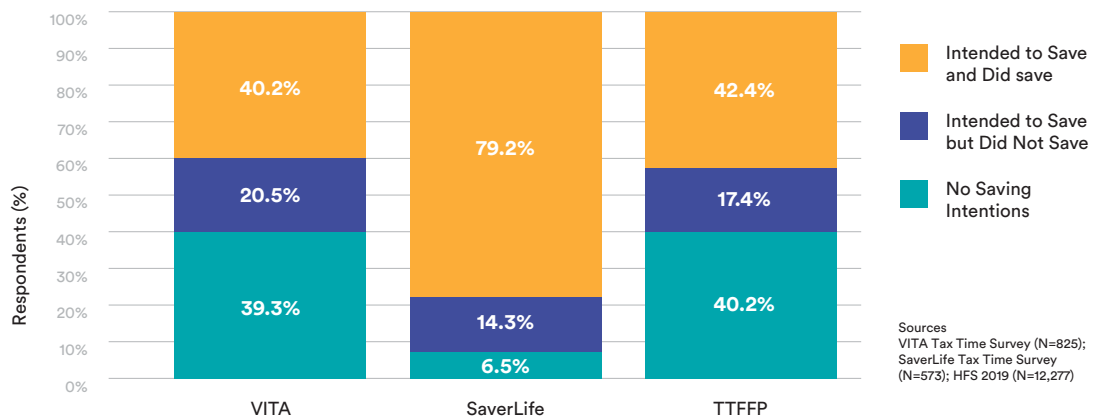
# Key Findings

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**Low-income tax filers are saving a portion of their refund at higher rates than previously thought or measured, and are more successful in following through with saving their refund with SaverLife.**

## Refund Saving Intentions vs Behaviors

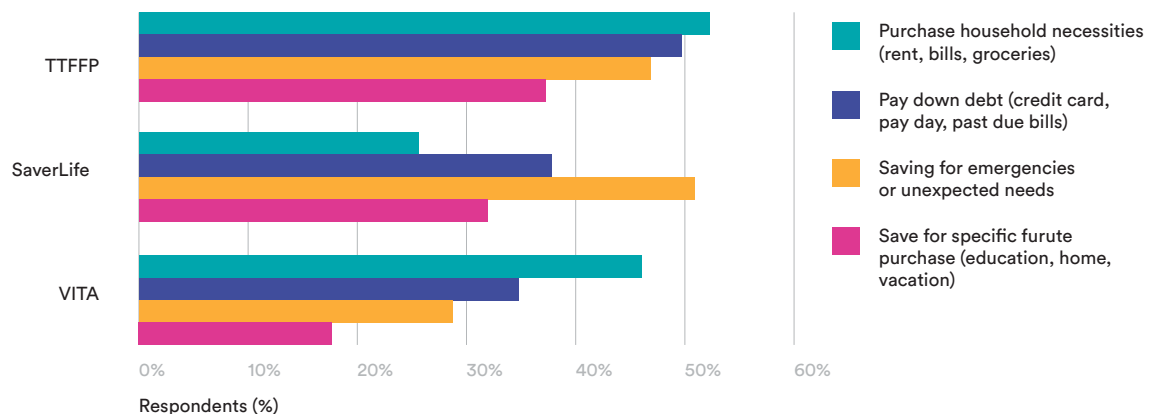
The study asked tax filers if they intended to save their refund and followed up to ask if they saved any of it after they received the refund. What they found was:



2

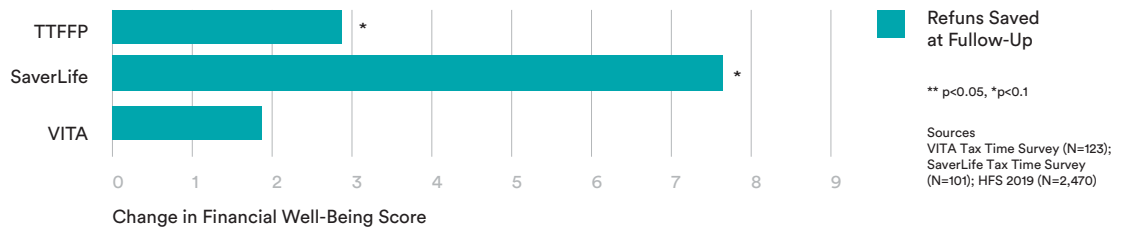
**Savings is just one of the uses of the refund and not the most important use for many low-to-moderate income tax filers.**

## Top uses of refund



### 3

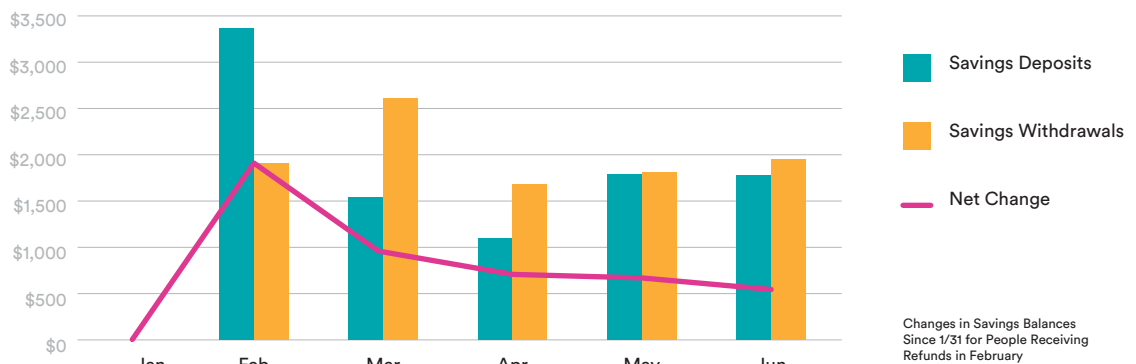
**SaverLife tax filers who successfully saved experienced fewer hardships and higher financial well-being after filing their taxes. (ie. Saving some of your refund, and saving it for longer than six months was correlated with positive financial well-being changes in the months after tax filing.)**



### 4

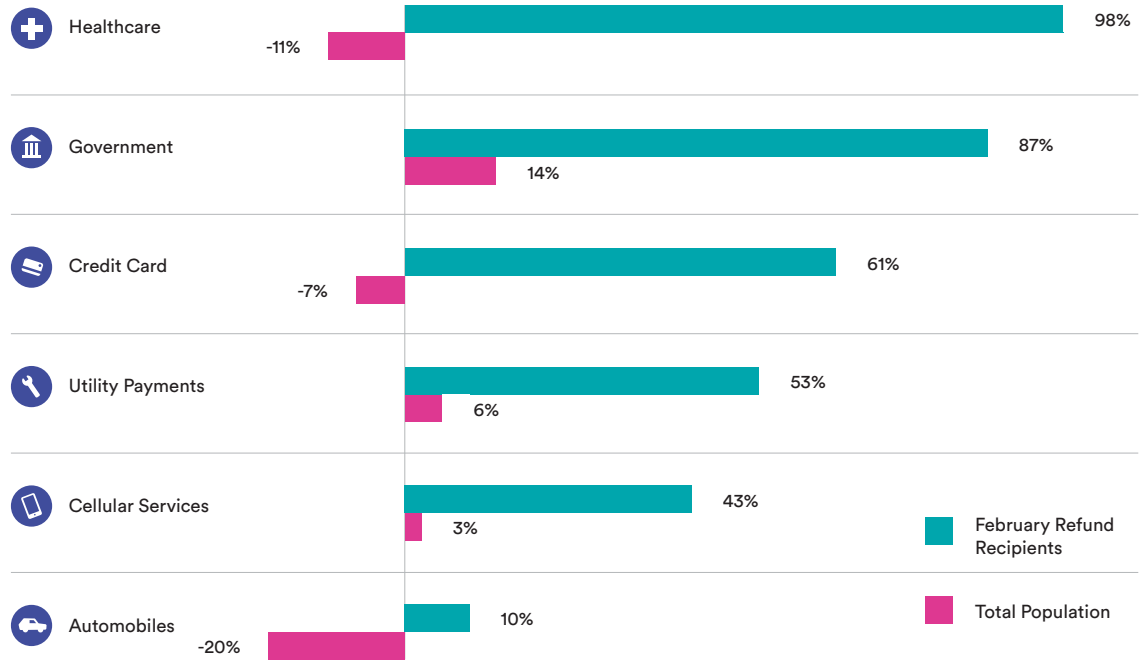
## Changes in Savings Balances & Refund Spending After Receiving Refund

About half of refunds are placed in savings accounts upon receipt. SaverLife members then tend to make net withdrawals from savings accounts in the months following saving their refunds. This corroborates the data showing SaverLife members use refunds for emergencies, as savings balances that were inflated from the receipt of refunds act as a lifeline to ward off emergency expenses or income dips in the months following the receipt of a refund.



February refund recipients also used the influx of funds to “catch up.” Comparing February spending to the average of the prior three months, the data show a 53% increase in utility payments, a 61% increase in credit card payments and a 43% increase in telecommunications payments.

# Refund Spending Among SaverLife Filers



## Background & More Details

### SaverLife Participant Demographics

<b>Female</b>	77.1% mean/pct
<b>Age</b>	37.5
<b>Race</b>	
<b>White, Non-Hispanic</b>	43.4%
<b>Black, Non-Hispanic</b>	30.1%
<b>Asian, Non-Hispanic</b>	5.8%
<b>Latino</b>	9.7%
<b>Other</b>	11.1%
<b>Marital Status</b>	
<b>Single</b>	41.2%
<b>Married</b>	37.7%
<b>Separated</b>	2.6%
<b>Divorced</b>	14.0%
<b>Widowed</b>	4.4%
<b>Live with Partner</b>	N/A
<b>Highest Education</b>	
<b>Less than high school degree or GED</b>	1.8%
<b>High school degree or GED</b>	13.2%
<b>Certificate or Associate degree</b>	8.8%
<b>Bachelor's degree</b>	22.8%
<b>Graduate or professional school</b>	19.3%
<b>Total Participants</b>	<b>653</b>

## SaverLife Participant Financial Characteristics

<b>Income</b>	
0 to \$5K	31.9% mean/pct
\$5K+1 to \$10K	4.5%
\$10K+1 to \$15K	10.7%
\$15K+1 to \$20K	6.8%
\$20K+1 to \$30K	12.0%
\$30K+1 to \$40K	8.6%
>\$40k+1	25.5%
<b>Own home</b>	N/A
<b>Income Volatility</b>	
No Volatility	61.4%
Some Volatility	22.9%
High Volatility	15.7%
<b>Have any credit card</b>	75.0%
<b>Paid credit card in full</b>	45.4%
<b>Any alternative finance services</b>	18.7%
<b>Total Participants</b>	<b>653</b>

## SaverLife Methods Used to Encourage People to Save



An incentive-based nudge to encourage people to pledge to save some of their refund in an account linked with SaverLife



An additional prize-based savings program that rewards users for saving regularly, including opportunities to win prizes for saving with games like “Scratch and Save” where participants can win \$5 for saving \$5 each week



Financial education content developed for low-income families by a financial coach



SMS/Text notifications to keep savings top of mind

Anyone can sign up for SaverLife at [saverlife.org](https://saverlife.org). Participants typically come to SaverLife through a variety of marketing channels such as affiliate partnerships, organic web traffic, partnerships with direct service provider organizations and employers. The results of the study were drawn from individual interviews and bank account transaction analysis (used to monitor savings rates).