

# SaverLife Members Boost Financial Health Scores Through Savings

## Key Takeaways

Members are:

**62%**

increase their Financial Health Scores within six months—and the savings habit members build is a key reason why.

**50%**

more likely to say their liquid savings can cover at least one month of expenses.

**30%**

more likely to indicate they have a manageable debt level after 18 months.

**79%**

more likely to say they're confident that the members of their household are doing what they need to do to reach their longer-term financial goals.

**SaverLife leverages the Financial Health Network’s FinHealth Score® Toolkit to determine if a member’s daily financial systems allow them to be resilient and pursue opportunities over time.**

The median income of a SaverLife member is between \$25,000-\$35,000, and two-thirds of new members link an account with a balance less than \$100. At sign up, 50% of the 592 members in this study were “financially vulnerable,” and 47% were “financially coping” (vs. national averages of 17% financially vulnerable, and 50% financially coping). Just 2% of participants were considered financially healthy when they signed up.



## \*“What is the Financial Health Score®?”

The FinHealth Score® is based upon the following definition of financial health:

**Financial health comes about when your daily financial systems allow you to be resilient and pursue opportunities over time.**

Financial health is a composite framework that considers the totality of an individual’s financial life. Unlike narrow metrics like credit scores, financial health considers whether individuals are spending, saving, borrowing, and planning in a way that will either contribute to, or detract from, their resilience in the face of unexpected events and ability to thrive in the long term.<sup>1</sup>

<sup>1</sup>“Eight Ways to Measure Financial Health”

# SaverLife Members Improve Their Financial Health Over Time

SaverLife members frequently improve their overall financial health after joining, despite consistently low, unpredictable incomes. In a recent analysis, an average of:

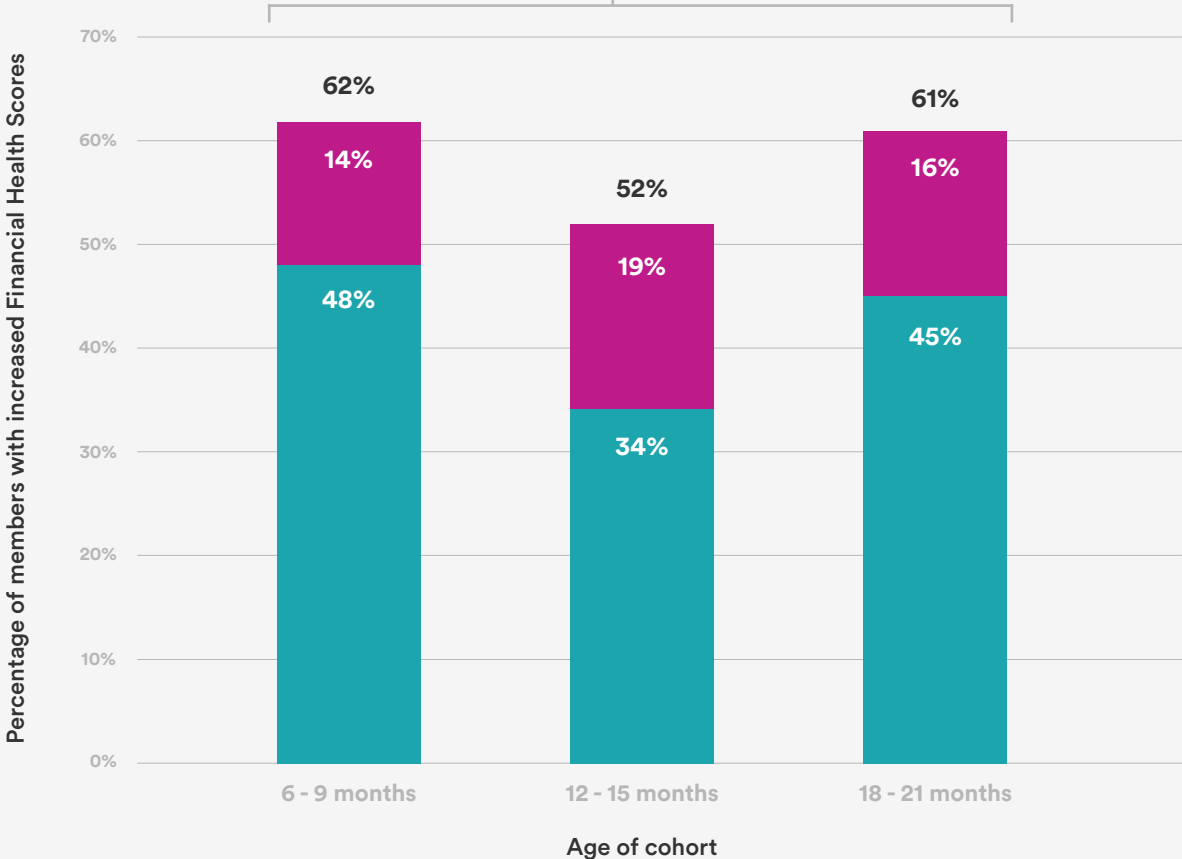
# 57%

of members at six, 12, and 18 months after joining SaverLife improved their Financial Health Scores, and many of their scores jumped significantly (more than 20 points).

## Members' Financial Health Scores Improve Throughout Their SaverLife Experience

- % Improving 1 - 20
- % Improving > 20 points

On average, six, 12, and 18 months after joining SaverLife, 57% of members improved their Financial Health Scores.



# Short-Term Savings Improvements Are a Major Driver of Overall Financial Health

Low wages, income volatility, and increases in the cost of living make it difficult for American households to build and maintain short- and long-term savings, as evidenced by the fact that:

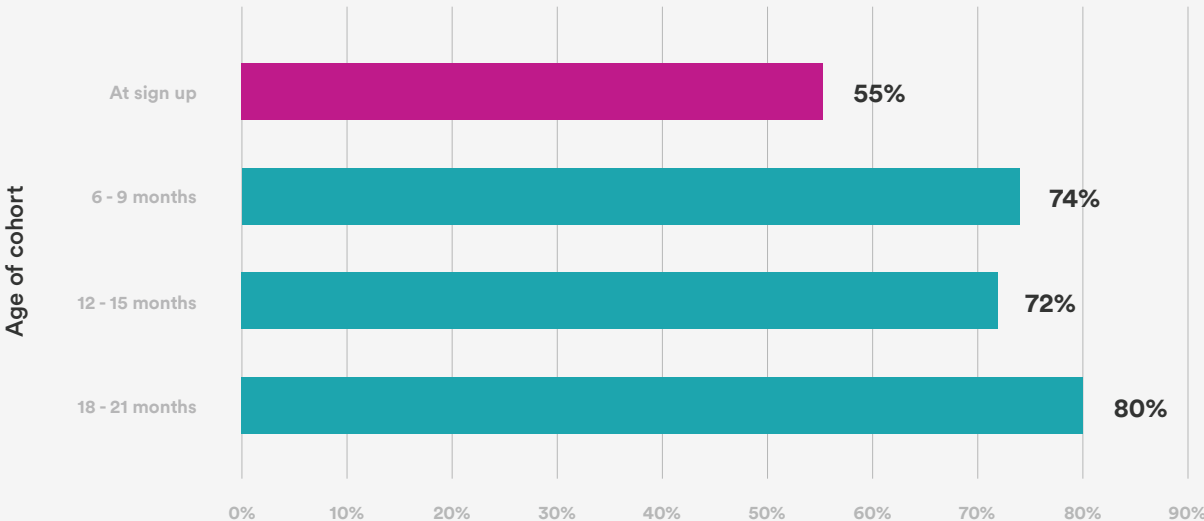
**37%** of Americans don't have a savings cushion of \$400.

SaverLife has consistently proven that even a small amount of savings is correlated with greater financial stability, especially for people living with lower incomes.

Short-term savings enable people to survive a financial emergency, like a leaky roof, an emergency filling, or absorb expense or income shocks stemming from a natural disaster. A financial cushion helps members protect themselves from increased debt, missing payments on bills, or worse.

Before joining SaverLife, 55% of members reported having a week's worth of expenses saved. Eighteen months later, that number increased to 80% of members, a 45% increase.

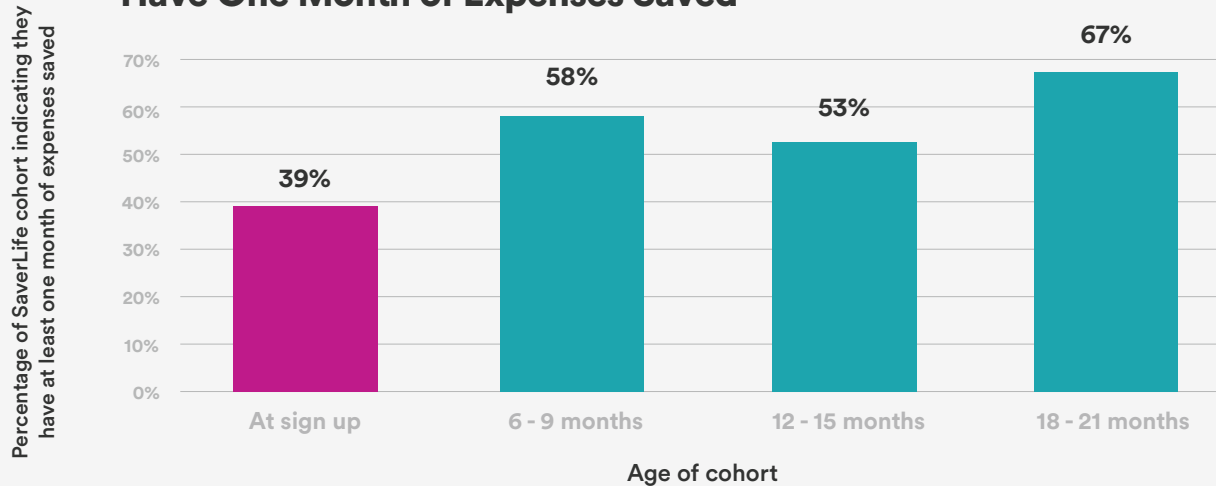
## SaverLife Members Become Increasingly Likely to Say They Have More Than One Week of Expenses Saved Over Time



Percentage of SaverLife cohort indicating they have more than one week of expenses saved

After six months, members are 50% more likely to say their liquid savings can cover at least **one month** of expenses.

## SaverLife Members Become Increasingly Likely to Say They Have One Month of Expenses Saved

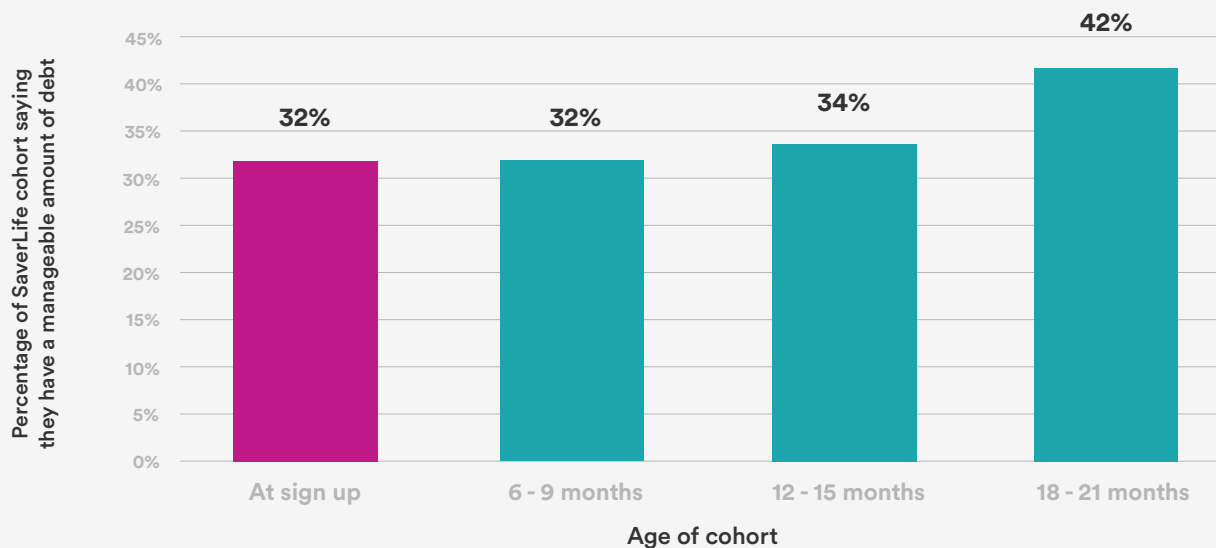


## SaverLife Members Improve Other Core Tenets of Financial Health

Saving is one part of an individual's financial health. Income, debt, expenses, and planning also play a part. If savings balances increase at the same time debt increases, net wealth or net liquidity may suffer, and someone's overall financial health may not improve.

Fortunately, SaverLife members also improve their relationship with debt at the same time they're increasing savings. After 18 months, members are 30% more likely to indicate they have a manageable debt level.

## SaverLife Members Become More Likely to Say Their Debt Level Is Manageable



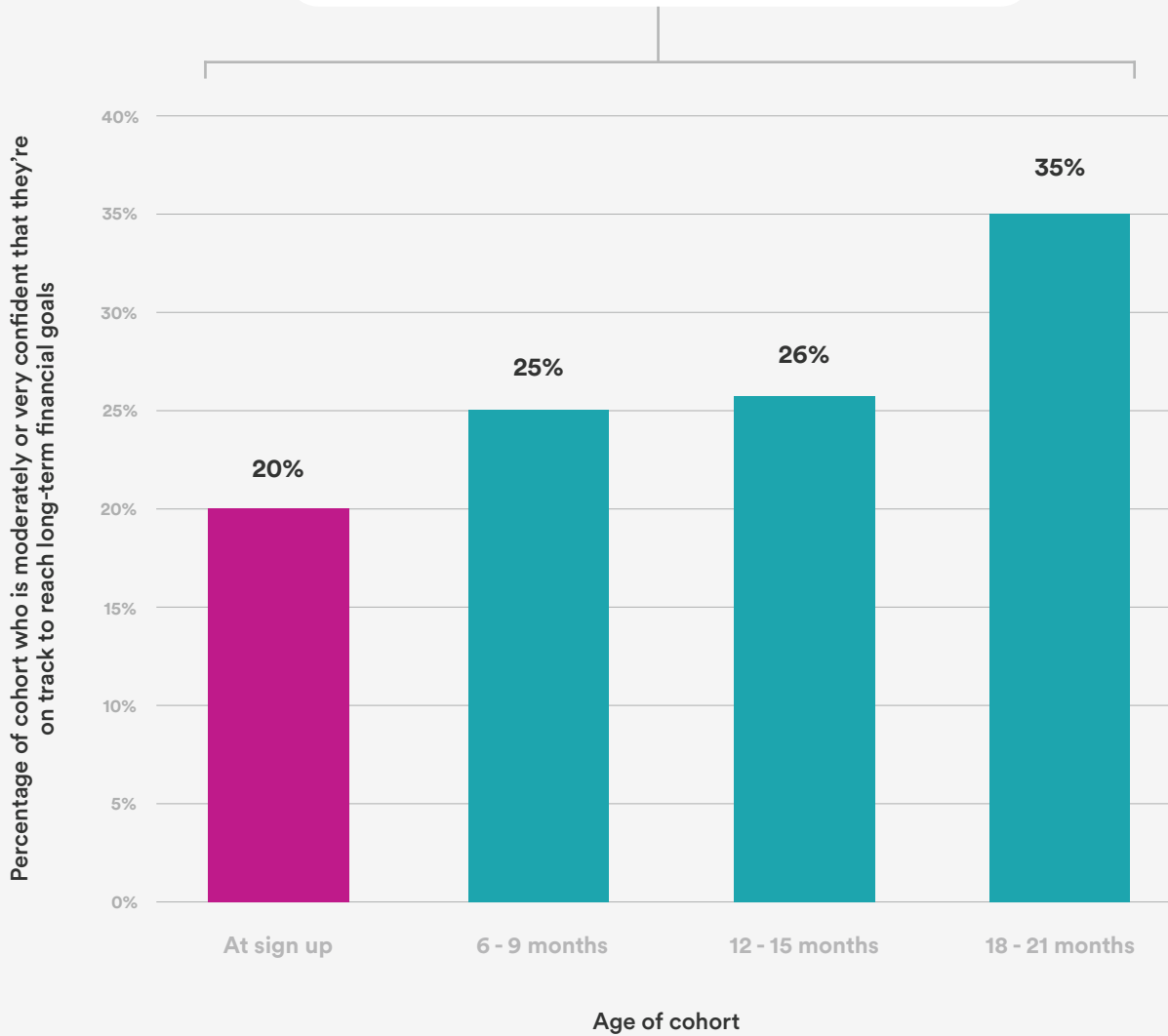
These improvements in short-term savings and debt levels correlate with increased confidence in reaching longer-term goals. After six months, members are:

**30%**

more likely to say they are confident they will reach their longer-term financial goals.

## Over Time, SaverLife Members Become Increasingly Confident That They'll Meet Long-Term Financial Goals

Compared to the day they sign up, members at 18-21 months are 79% more likely to have increased confidence.



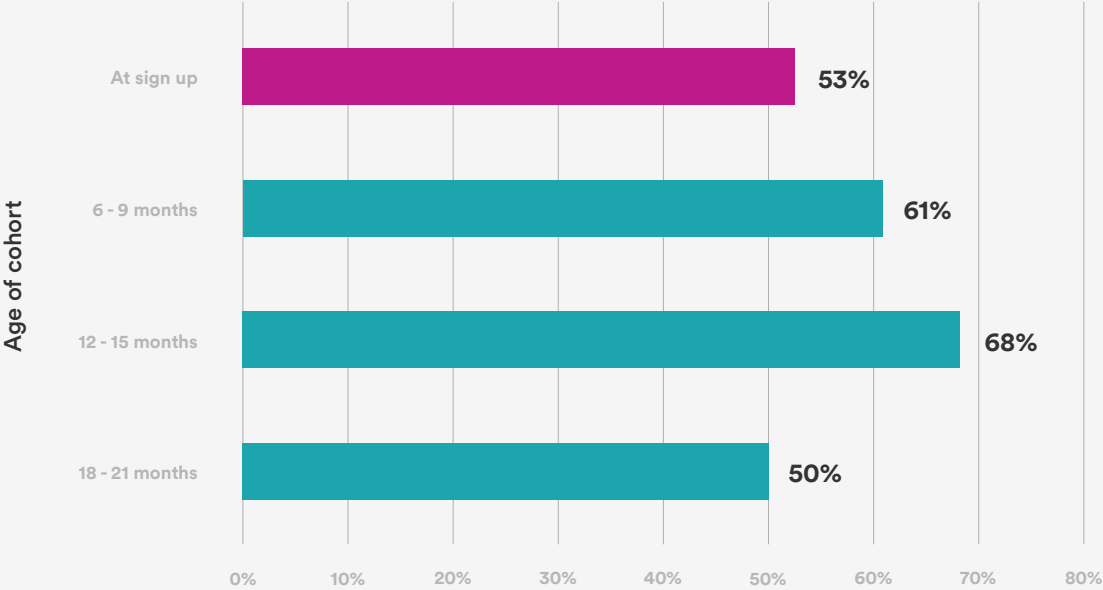
# Members Are Able to Make Financial Health Improvements Despite Challenges Earning Enough Money to Cover Expenses

SaverLife members earn much less than the national average—the median income of a SaverLife member is between \$25,000-\$35,000, and two-thirds of new members link an account with a balance less than \$100.

**70%** of SaverLife members experience income volatility.

Over the past several decades, the purchasing power of that income has declined. SaverLife research has consistently demonstrated that new income (like influxes of cash) is used to cover basic, day-to-day expenses, such as groceries, utilities, debt, and transportation, or saved to be used for those items within a few months. This likely helps explain why SaverLife members' spending remains equal to, or eclipses, income over time.

## Despite Making Improvements in Financial Health, SaverLife Members Aren't Earning Enough to Cover Expenses



Percentage of SaverLife cohort indicating spending is equal to or more than income over the past 12 months

# Methodology:

- All new SaverLife members are asked to answer the eight questions that are part of the Financial Health Network’s FinHealth Score Toolkit on the day they sign up for SaverLife.
- SaverLife then rolls out the same survey to a subset of members on a periodic basis. For this study, responses were collected in February of 2021 and May of 2021. Cohorts were created based on the lapsed time between their signup date and their second response date.
- To ensure enough responses per cohort, SaverLife chose to look at the responses of those between 180 days and 270 days to represent members aged 6-9 months (182 members), 360 days to 450 days to represent members aged 12-15 months (379 members), and 540 days to 630 days to represent members aged 18 to 21 months (238 members), which represents 592 members, but totals 799 responses, as 207 members responded to both follow up surveys (Feb 2021 and May 2021). This means that while a member can be counted more than once, they will only appear in any given cohort one time.
- “At sign up” figures are the composite scores of each of the 592 members in the study.



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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](https://about.saverlife.org/research)