



# A Much Closer Look:

## Enhancing Savings Counseling at Financial Empowerment Centers

Webinar

March 2, 2018

# Agenda



Pilot Inspiration and Process

#FECSSavings

Pilot Results

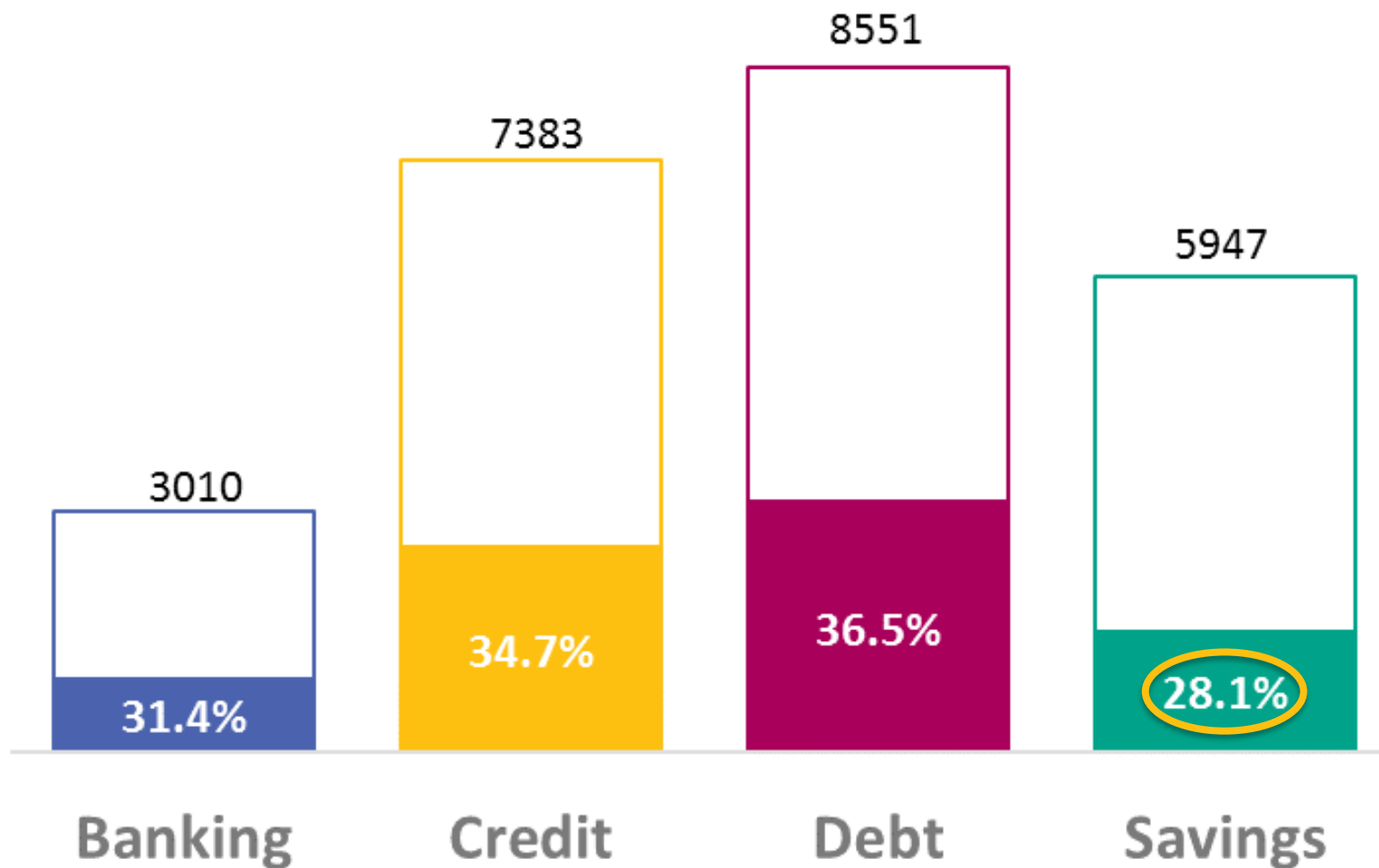
Questions and Answers

<http://cfefund.org/wp-content/uploads/2018/02/A-Much-Closer-Look-Enhancing-Savings-Counseling-at-the-Financial-Empowerment-Centers.pdf>

# What Inspired this Pilot?



# Our own research



# Other's research



# Program design truism

WE MANAGE WHAT WE  
MEASURE.

# How did We Plan and Design the Pilot?



# Input from many sources, at many stages

- ★ Research synthesis
- ★ Field interviews
- ★ All counselor survey
- ★ Photovoice
- ★ Priority and feasibility discussions
- ★ Database redesign
- ★ Counselor training
- ★ 3-month data review
- ★ FEC narrative reports
- ★ Pilot counselor survey
- ★ 6-month data review



# Our central questions

- ? What should we look for to see clients' real savings?
- ? Where should we look?
- ? How often should we look?
- ? What questions should we ask clients?
- ? How should we record and report their answers?
- ? What do policy makers care about?

# Research findings and expert advice

- Saving (v.) or savings (n.)
- Accounts, cash or IOUs
- Dollar amounts or stories
- Balances or contributions
- Setting or achieving goals
- Behaviors and strategies
- Self-perception
- Hardship

# Counselor requests and insights

*“I think we should establish an FEC operational definition of the term ‘savings’ so we're all on the same page.”*



*“I think it should be broken out into multiple account types to make it easier to track changes over time and to know which accounts are included in the total.”*

# Photovoice: participatory action research

Take photographs to answer questions:

- How do you build savings?
- If you needed money to cover an emergency expense today, where would it come from?
- Thinking about other people you know, where do they put their savings?

Come together to discuss the photographs and themes.



"I have to remember that it doesn't matter how small the amount is. Save!"

"I'm doing the 52 Week Money Challenge"

52-Week Money Saving Challenge									
Week	Rate	Deposit	Balance	✓	Week	Rate	Deposit	Balance	✓
1		\$1	\$1		21		\$21	\$420	
2		\$2	\$3		22		\$22	\$442	
3		\$3	\$6		23		\$23	\$465	
4		\$4	\$10		24		\$24	\$489	
5		\$5	\$15		25		\$25	\$514	
6		\$6	\$21		26		\$26	\$540	
7		\$7	\$28		27		\$27	\$567	
8		\$8	\$36		28		\$28	\$595	
9		\$9	\$45		29		\$29	\$624	
10		\$10	\$55		30		\$30	\$654	
11		\$11	\$66		31		\$31	\$685	
12		\$12	\$78		32		\$32	\$717	
13		\$13	\$91		33		\$33	\$750	
14		\$14	\$105		34		\$34	\$784	
15		\$15	\$120		35		\$35	\$819	
16		\$16	\$136		36		\$36	\$855	
17		\$17	\$153		37		\$37	\$892	
18		\$18	\$171		38		\$38	\$930	
19		\$19	\$190		39		\$39	\$969	
20		\$20	\$210		40		\$40	\$1010	
21		\$21	\$231		41		\$41	\$1051	
22		\$22	\$253		42		\$42	\$1093	
23		\$23	\$276		43		\$43	\$1136	
24		\$24	\$300		44		\$44	\$1180	
25		\$25	\$325		45		\$45	\$1225	
26		\$26	\$351		46		\$46	\$1271	
27		\$27	\$378		47		\$47	\$1318	
28		\$28	\$406		48		\$48	\$1366	
29		\$29	\$435		49		\$49	\$1415	
30		\$30	\$465		50		\$50	\$1465	
31		\$31	\$496		51		\$51	\$1516	
32		\$32	\$528		52		\$52	\$1568	



"Keep a jar on your nightstand or dresser and empty your loose change into it every night"



"I build my savings by reminding myself of my long term safety net.... If I don't put anything in it there will be nothing there when I need it."



"I pay myself first."

# Photovoice discussion highlights

- Emotions and beliefs attached to saving
- Diversity of saving techniques
- Value of peer support
- Need for supplemental services

# Which Savings Outcomes did We Pilot?



# Contrast: traditional FEC outcomes

- ❖ Savings balance at last session is greater than balance at first session, by at least by 2% of annualized monthly income.
- ❖ Maintain savings habit for 3 months (habit undefined, measure not taken at 3 month intervals).



# Pilot definition of savings

Money,  
in any of 15 places,  
that you do **not** plan  
to spend this month.

- ☐ At home, separated (envelopes, jars etc.)
- ☐ At home, no separation from spending money
- ☐ Someone else holds funds for you
- ☐ Savings circle
- ☐ Checking account
- ☐ Savings account
- ☐ Reloadable prepaid card
- ☐ College savings account for your kids
- ☐ Other bank savings products such as CDs
- ☐ IRA, 401k, retirement plan
- ☐ Non-retirement investments (stock, bond, mutual fund etc.)
- ☐ Gift card (not reloadable)
- ☐ Individual Development Account
- ☐ Online or phone app
- ☐ Savings bond

# Five pilot outcomes



# Set aside funds for the future

At each follow-up session, for each selected savings location, enter amount added since last session.

**If any amount is added, client achieves outcome.**

Sum of amounts added across all sessions = total contributions to savings.

# Have more set aside

For each selected savings location, enter current amount in this location.

**If amount at last session is greater than amount at first session, client achieves outcome.**

Sum of positive difference between first and last sessions  
= total increases in savings.

# Save goal amounts

For each selected goal, enter target amount and target date.

At each follow-up session: did you save your goal amount? (yes/no)

**If yes, client achieves outcome** (requires document upload).

# Use savings to achieve goals

At each follow-up session: did you use your savings for what you planned? (yes/no)

**If yes, client achieves outcome** (requires document upload).

# Adopt new savings behaviors

At every session: people use many different techniques to help them save; since the last session, have you used any of these [describe all eight]?

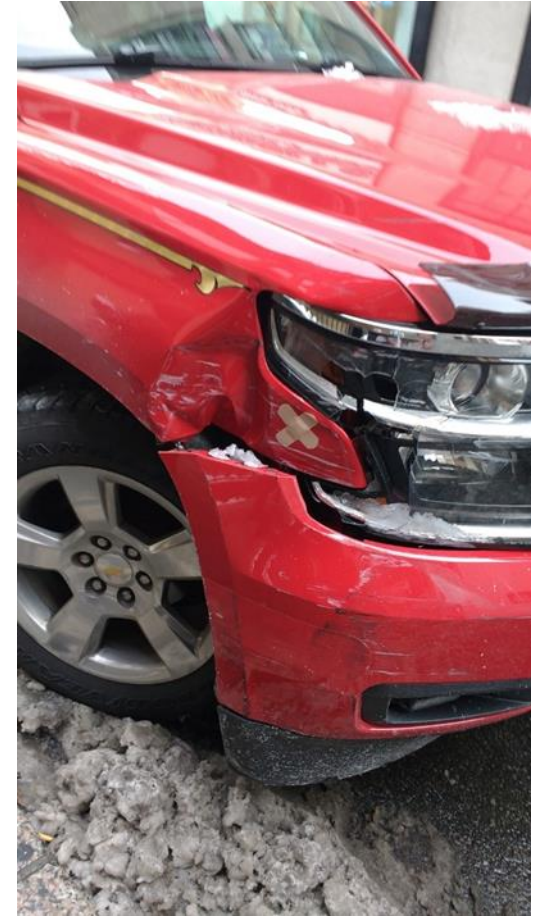
Select yes/no for each one.

**If a behavior was not used at first session, and was used at two follow-up sessions, client achieves outcome.**

# Additional indicators

If you had an unexpected expense or emergency of \$500, how confident are you that you could pay it?

How much control do you feel over your finances?





# Additional indicators

In the last month, did you experience any of these financial challenges?

- Not being able to pay a bill that was due
- Avoiding an important/necessary expense because you didn't have money to pay for it



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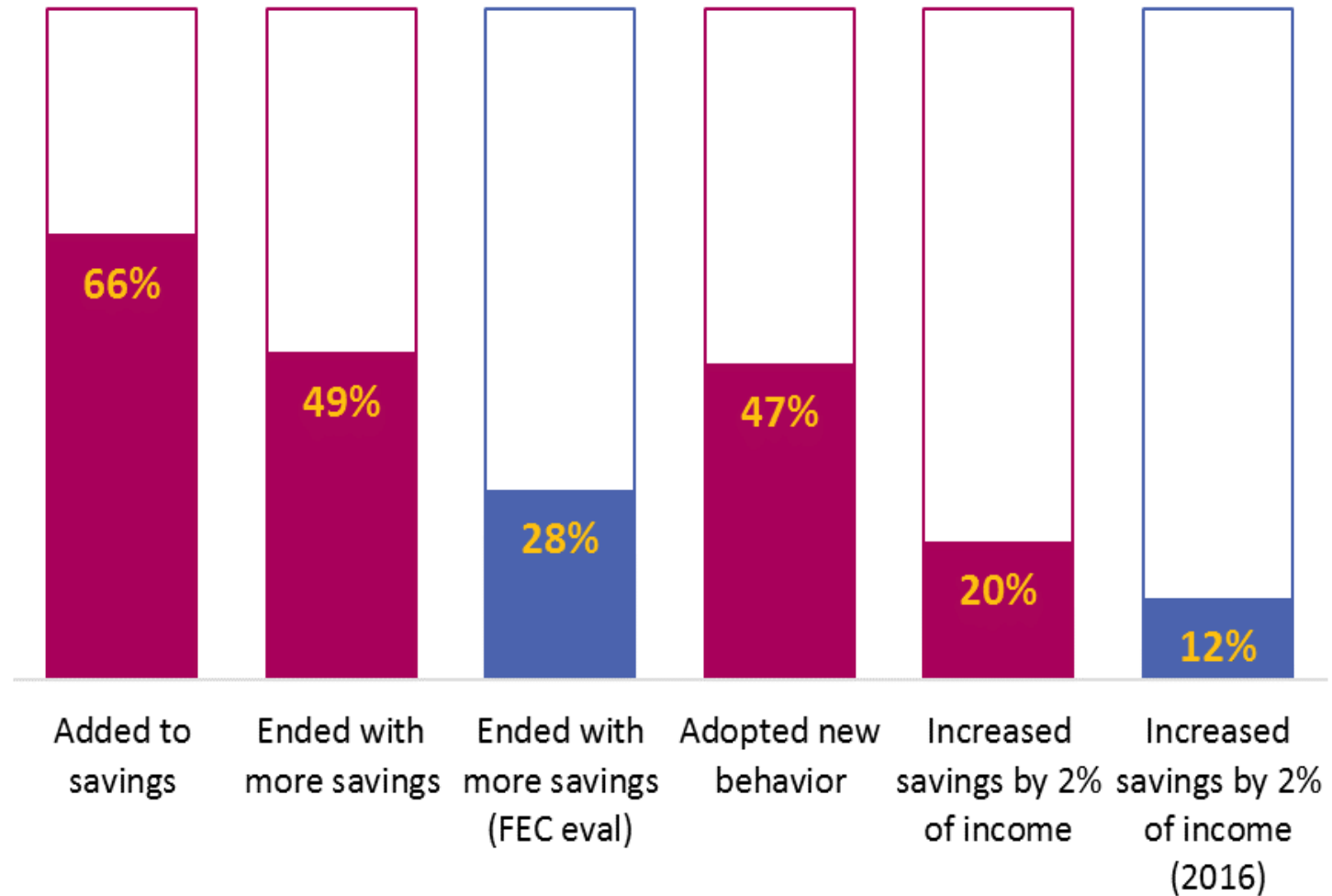
# What did We Learn From the Pilot?



# Higher rates of outcome achievement

**49% of multisession pilot clients ended with more**  
(vs. 28% in 5-city evaluation)

**20% of multisession pilot clients saved 2% of income**  
(vs. 15% in evaluation and 12% in 2016 comparison group)



# Set aside funds for the future

27% of people who contributed to their savings ended without an increase. They saved \$21k but would not have been seen as outcome achievers if we only tracked increase.



# Have more set aside

32% of all pilot clients ended with more than began, vs only 5% in 2016.

Their average increase was also higher -- \$1,543 v. \$1,040.

# Where are people saving?

- 75% use savings accounts, average balance \$1,882  
Clients who use savings accounts rarely report saving anywhere else.
- 15% save in checking accounts, average balance \$1,538  
About half the time they also use savings accounts.
- 6% keep savings at home, separated from spending money, average balance \$1,036

# Save goal amounts

- 13 clients saved the full amount of 15 goals, totaling \$29,500, for emergencies, bill paying, home buying and moving.
- Most goals will take longer to achieve than a typical counseling engagement.

# Use savings to achieve goals

- 4 clients used their savings as planned.
- Clients appreciate seeing personal goals tied to program outcomes.
- Documenting outcomes is crucial for program accountability; both the trigger and the type of documentation should be selected with privacy and cultural sensitivity in mind.



# What are people saving for?

61% are saving for an **emergency fund**, average goal \$1,799.

29% are saving towards **home ownership**, average goal \$3,568.

10% are saving to **pay debt or future bills**, average goal \$2,165.



# Adopt new savings behaviors

- Physically separating spending money to save for the future was both the most common strategy clients used on their own *and* the most common new strategy chosen by others.
- Spending less is a close second.
- Very few convert cash to assets so it can't be spent.



Putting away the money for my fixed costs.

# Other effects of the pilot

Compared to 2016 savings clients, pilot clients had

- ❖ higher average number of counseling sessions
- ❖ much higher rate of follow-up sessions

# Other effects of the pilot

- ❖ Discussing specific strategies made saving less vague and mysterious.
- ❖ Seeing personal goals entered as data inspired more motivation and accountability.
- ❖ Identifying positive behaviors and breaking goals into shorter time-frames enabled feelings of mastery.

# FEC outcomes: getting the right balance



# Research to practice: new FEC outcomes

- increase savings by an amount equal to about one week's income
- adopt new savings behaviors
- achieve savings goal target amounts
- use savings to achieve life goals



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#FECSavings

<http://cfefund.org/wp-content/uploads/2018/02/A-Much-Closer-Look-Enhancing-Savings-Counseling-at-the-Financial-Empowerment-Centers.pdf>

# Questions?