

LISC TWIN ACCOUNTS

LISC's Twin Accounts is an innovative, financial product that uses behavioral economics to promote savings and credit-building among low- to middle income Americans. Participants are able to build and improve their credit score and therefore access lower cost financial products.

THE IMPORTANCE OF BUILDING CREDIT

With the rise of payday lending and usurious loan rates in excess of 100%, access to affordable financial products has never been more important. However, only those with a **good credit score** have access to these products. Beyond financial products, low credit results in higher cell phone payments, access to safe and affordable rental apartments, and may even impact employment options.

The cost of poor or no credit is at an all-time high; **credit building** is an imperative for all Americans especially those with tight budgets. Going beyond fixing the credit report, credit building strategies promote sound financial management behaviors that **increase the credit score** both in the short-term and over time.

FACT

Over **64 MILLION** Americans have low credit.

FACT

The cost of having a low credit score is over **\$200,000** over the course of a lifetime.

FACT

47% OF EMPLOYERS conduct credit checks on some or all job applicants.

LISC TWIN ACCOUNTS

LISC Twin Accounts combines the incentives provided in an Individual Development Account (IDA) with credit building to achieve a high level of impact on an individual's financial bottom line. By the end of the twelve month program, participants have not only saved \$300, but they have also earned a match on every on time payment, doubling their savings to \$600.



Credit is an asset. By participating in this program, individuals not only build their savings, they also begin to build their credit. For many, the LISC Twin Account is the first connection point to traditional banking. Even after completion of the program, participants continue to be connected to financial products by opening a secured card with their match savings.

IMPACT OF LISC TWIN ACCOUNTS

- Nearly **70% of all participants** successfully complete the program. Of those, the majority increase in their credit score.
- On average, participants who start the program with no score will exit with **a score of over 630**. The impact of the increase is fast. Nearly all who begin the program with no score have a score of over 600 **after six months**.
- For those that begin the program with a score, those that experience an increase have an **average increase of 60** points. For most, the increase moves them from a poor or sub-prime score into a **prime score**.
- Over the last three months, **95%** of all participants in the program made **on time payments**.

LISC'S ROLE IN TWIN ACCOUNTS

After recognizing a dearth in financial credit building products tailored for low- to moderate income individuals, LISC created the Twin Accounts program. Building off of the **Financial Opportunity Center** program which combines workforce services with financial coaching and access to income supports to promote financial stability for largely low-income participants, Twin Accounts is available around the country.

Over the last four years, LISC has leveraged over **\$34 million** to support asset building work in 25 cities. Credit building and the LISC Twin Account has been an integral part of this investment in communities around America. The high interest in the program shows that there is a high need for credit building products.

