



Tax Time Savings

March 13, 2020

LSC

Housekeeping

- This webinar is being recorded
- Copy of the slide deck will be available on our FOC website (<http://www.FOC-Network.org/>)
- All lines have been muted to reduce background noise
- We will take questions at the end but please write your questions into the chat box throughout the webinar
- Send any unanswered questions to your local program officer

Our thanks to Wells Fargo for
supporting this work

The Wells Fargo logo, consisting of the words "WELLS" and "FARGO" in a yellow, serif, all-caps font, stacked vertically within a red square.

**WELLS
FARGO**

Tax Time Savings Interventions & Behaviors

March 13, 2020



Rebecca Thompson

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Who We Are

Prosperity Now's mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.

Our Mission...

To **connect, strengthen and inspire** community tax programs so that they can ...

- ✓ More effectively & efficiently **deliver critical tax assistance**
- ✓ Couple that assistance with other **financial capability services**
- ✓ **Advocate for fairer tax policy**

Our Goals...

Increase the # of low-income taxpayers, especially those who qualify for EITC, who access free, high quality tax services

Increase the # of low-income taxpayers who access, and take advantage of, financial capability services and improve their household financial security

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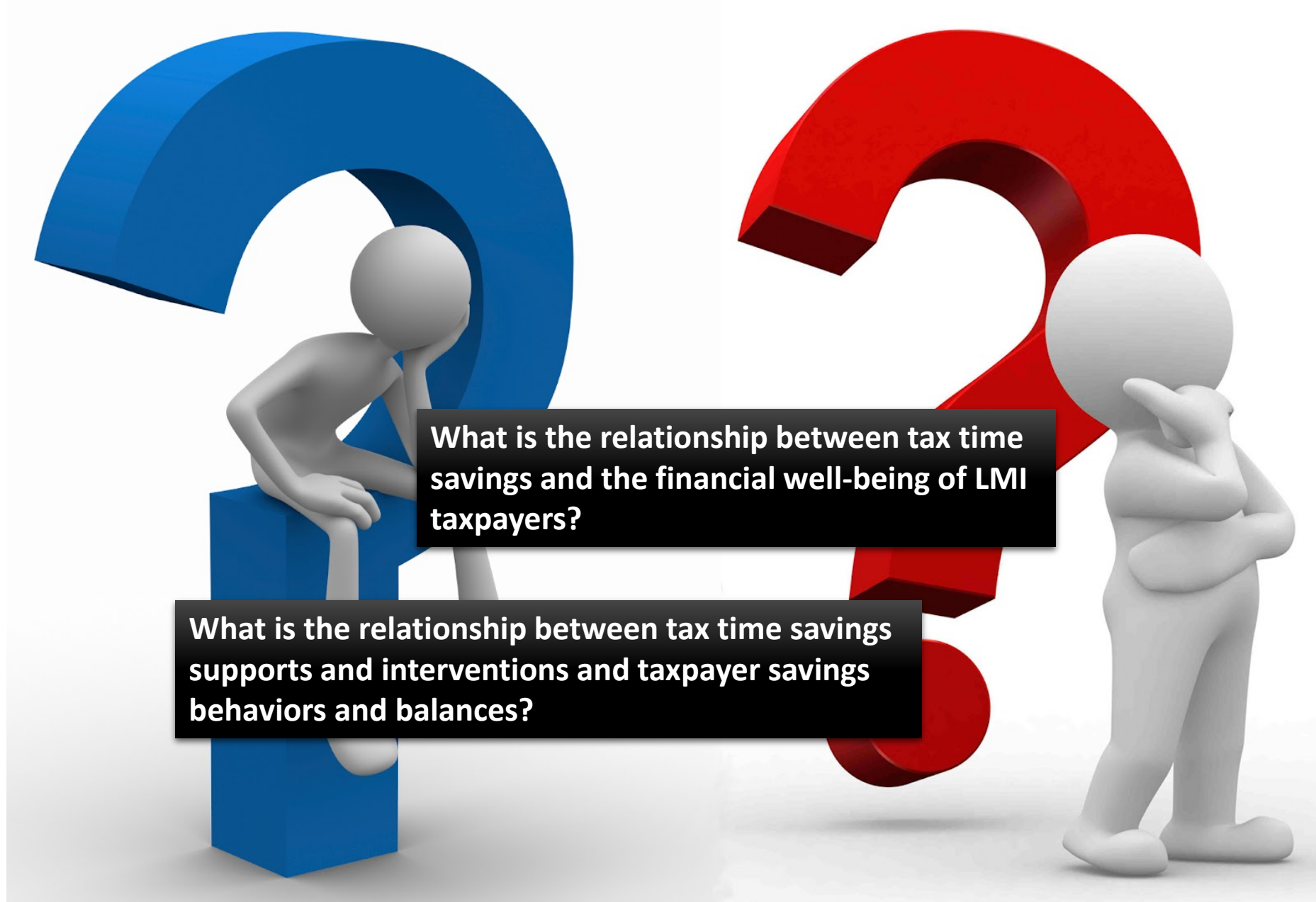


Moving the needle on tax-time savings

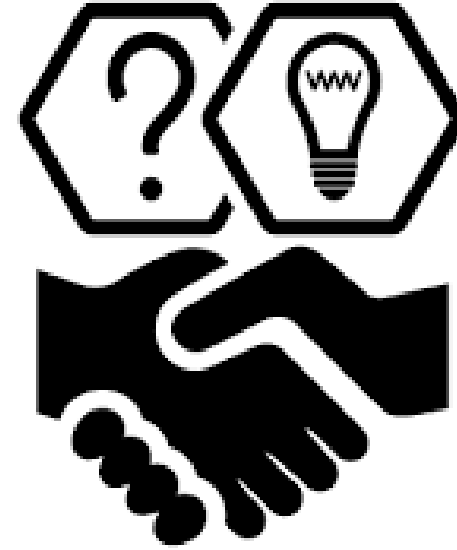


But first, where is/was the needle?



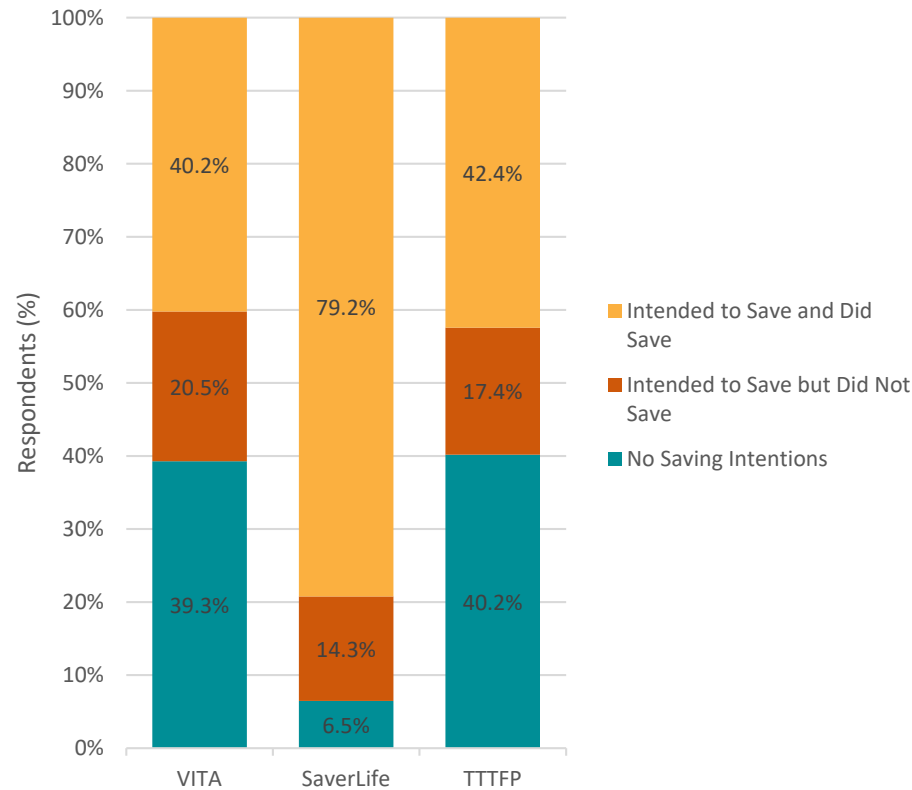


- Prosperity Now
- Washington University Social Policy Institute
- SaverLife
- Five VITA Programs:
 - Campaign for Working Families (Daytona Beach, FL)
 - Arkansas Asset Builders (Conway, AR)
 - CDC of Brownsville (Brownsville, TX)
 - Metro Community Tax Coalition (St. Louis, MO)
 - Accounting Aid Society (Detroit, MI)
- CFPB



What we learned: *People are saving...we just didn't know*

LMI tax filers are saving a portion of their refund at higher rates than previously thought or measured, but a number of filers who intend to save are not successful when they get their refund.



What we learned: *Savings helps guard and protect against financial hardship*

Tax filers who successfully saved experienced fewer hardships and higher financial well-being after filing their taxes.

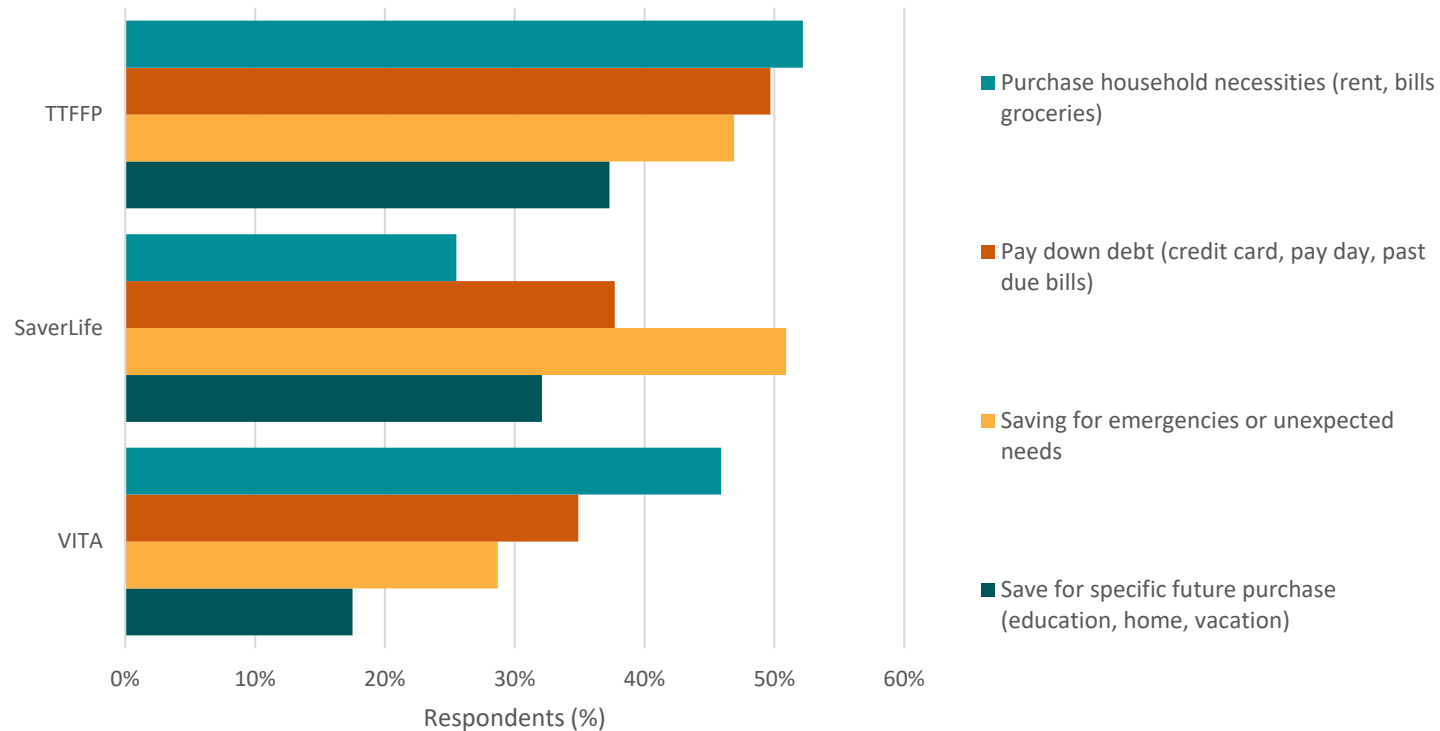


What we learned:

People use their refunds for a variety of

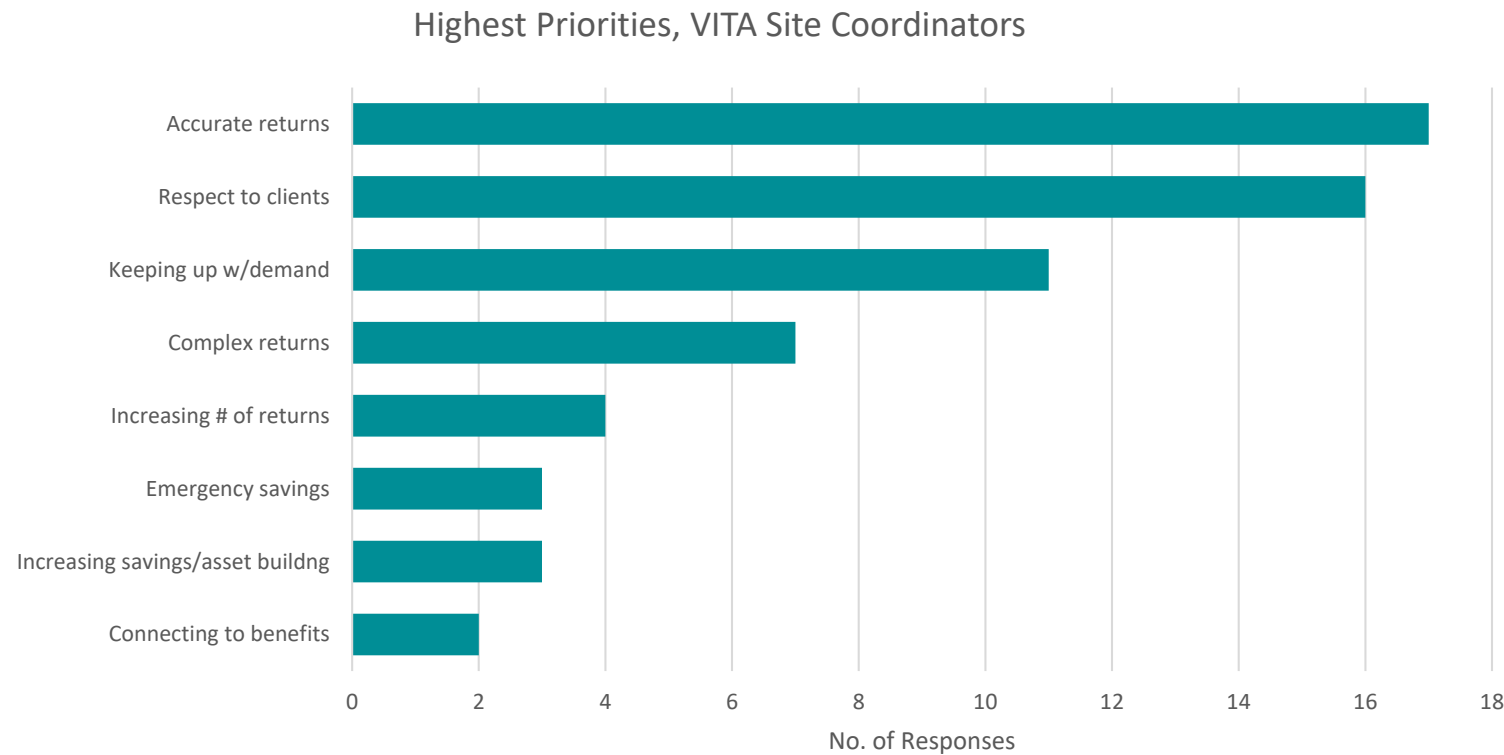
reasons, not just savings

Savings is just one of the uses of the refund and not the most important use for many LMI tax filers.



What we learned: *VITA programs are inconsistent in promoting and supporting savings*

Despite evidence that interventions can support successful savings, there are many barriers to integrating savings programs and other financial capability services into VITA sites.



Why our work is important

We asked taxpayers...

“What’s the most important use for your refund?”

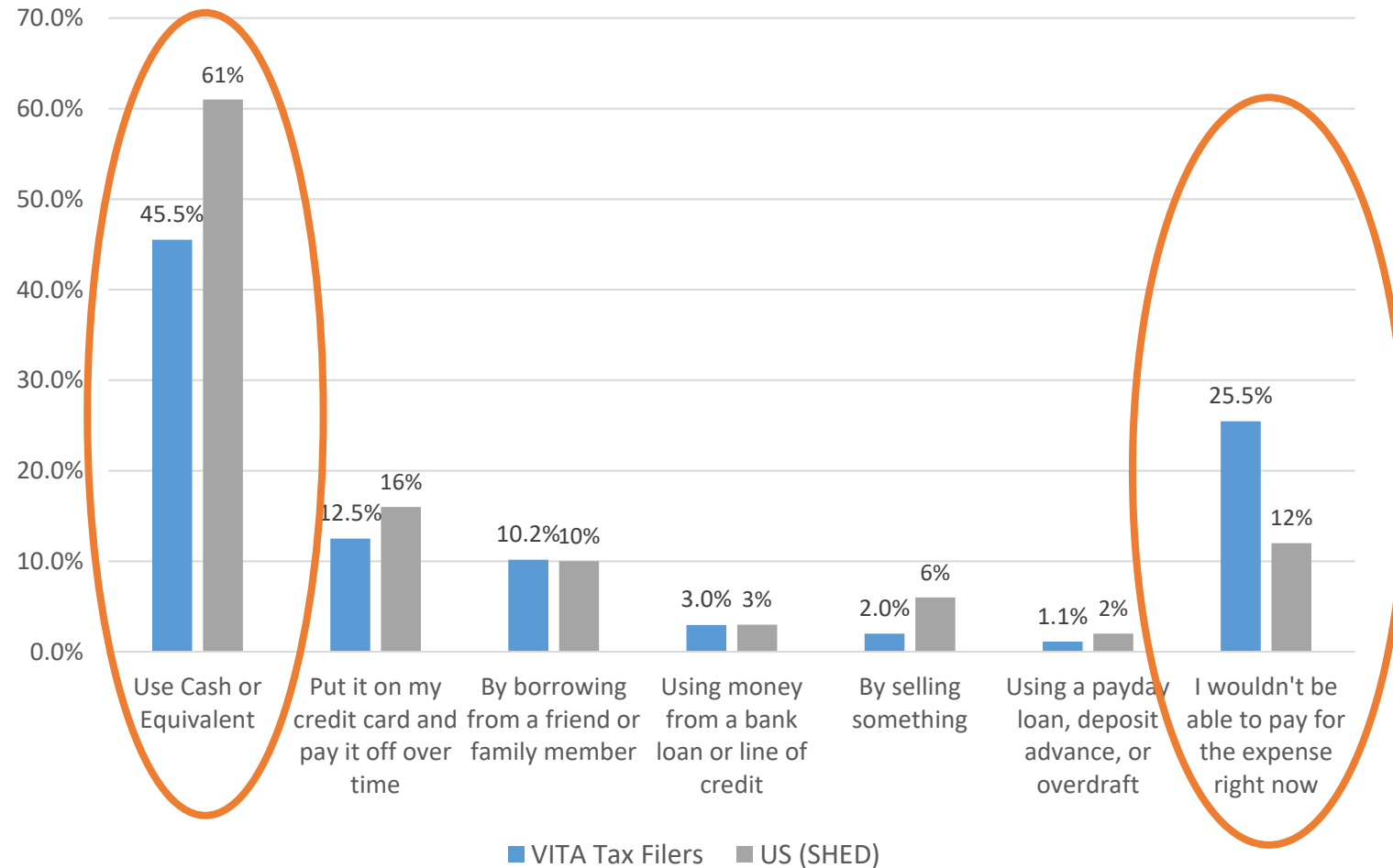


‘No, people aren’t just blowing it’ — how taxpayers spend their refund money is both encouraging and troubling

MarketWatch, Feb.12, 2020

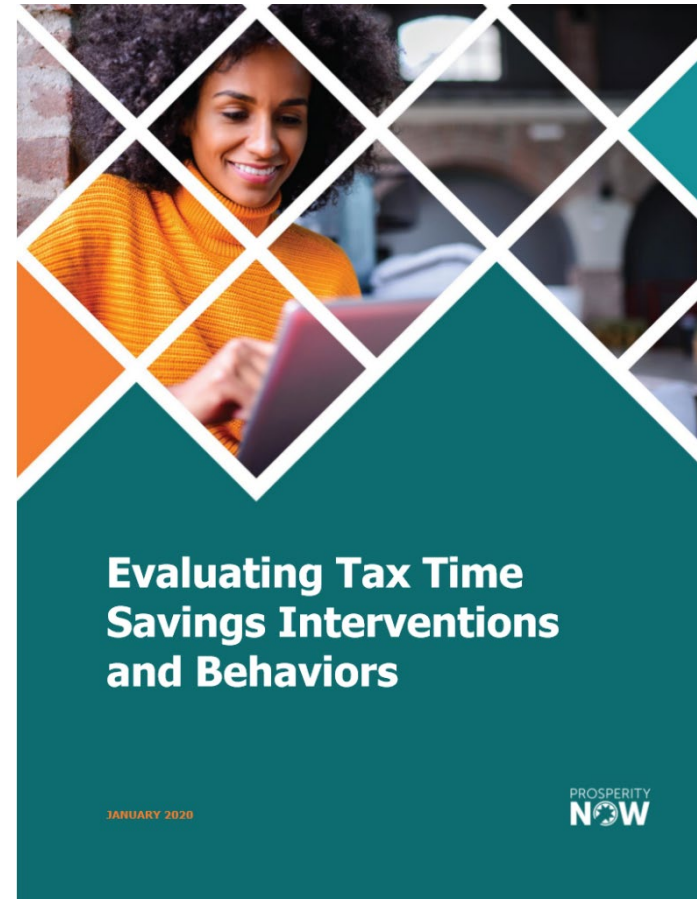
Why our work is important

We asked... *"If you had a \$400 emergency expense, how would you cover it?"*

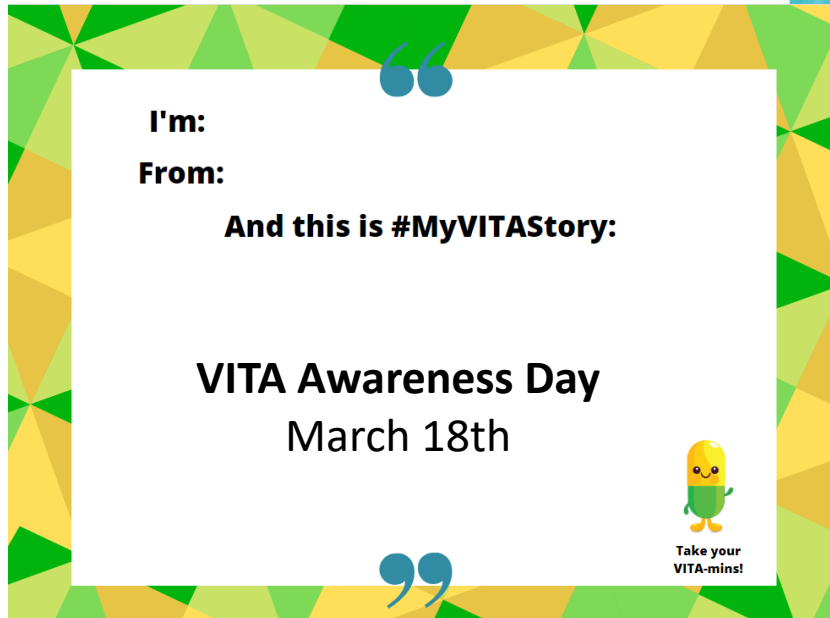


Our work is important because...

- Although we learned...
 - LMI taxpayers are saving at least some of their refund at higher rates than previously thought or measured;
- And we learned...
 - Having savings on hand to help guard against financial hardship contributes to a higher sense of financial well-being
- We realize that saving some of the refund is challenging because...
 - LMI households are using their tax refund to “catch up” rather than to “get ahead”
- And it doesn’t help that...
 - Savings interventions and supports are not being consistently offered or implemented at VITA sites



On the Horizon...



Local Initiatives Support Corporation (LISC)

Encouraging saving at tax time webinar

March 13, 2020

The Consumer Financial Protection Bureau's Tax Time Savings Initiative



Consumer Financial
Protection Bureau

Disclaimer

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This document was used in support of a live discussion. As such, it does not necessarily express the entirety of that discussion nor the relative emphasis of topics therein.

This presentation includes references to third-party resources or content that consumers may find helpful. The inclusion of references to third-party sites does not necessarily reflect the Bureau's endorsement of the third-party, the views expressed on by the third party, or products or services offered by that party. The Bureau has not vetted these third-parties, their content, or any products or services they may offer. There may be other possible entities or resources that are not listed that may also serve consumer needs.

Start Small, Save Up

Start Small, Save Up

Emergency Savings: A Pathway to Financial Well-Being



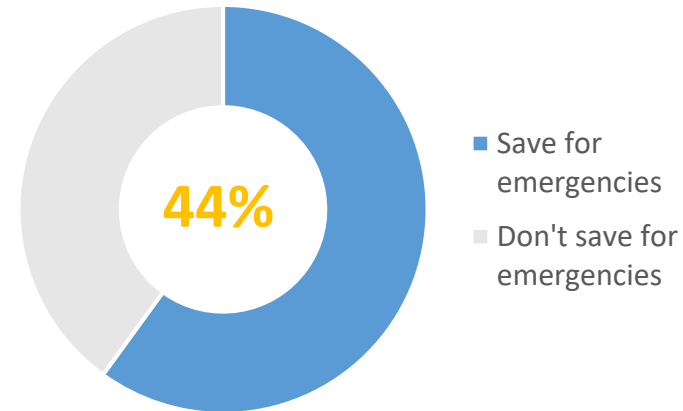
Consumer Financial
Protection Bureau

Emergency savings matters

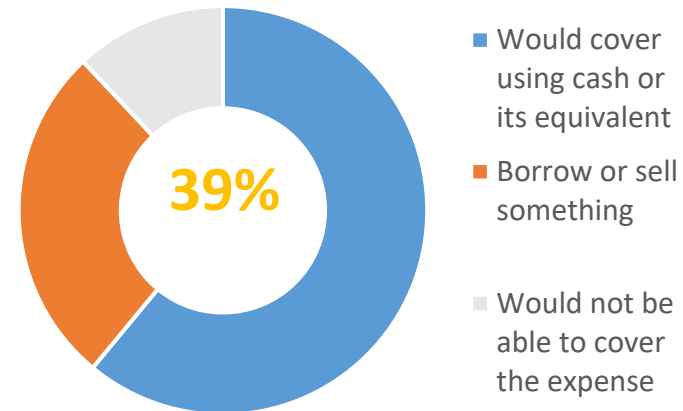
- Emergency savings are the first line of defense against unexpected expenses, such as car repairs, a broken phone, or medical treatment.
- Having emergency savings allows families to build savings, spend them down when necessary, and rebuild their savings cushion repeatedly.
- Without the cushion of sufficient emergency savings, households can be left in deep debt when hit with a financial shock, setting them back as they are trying to save for long term goals like college or retirement and climb the economic ladder.

State of emergency savings

44% of US households
don't save for emergencies



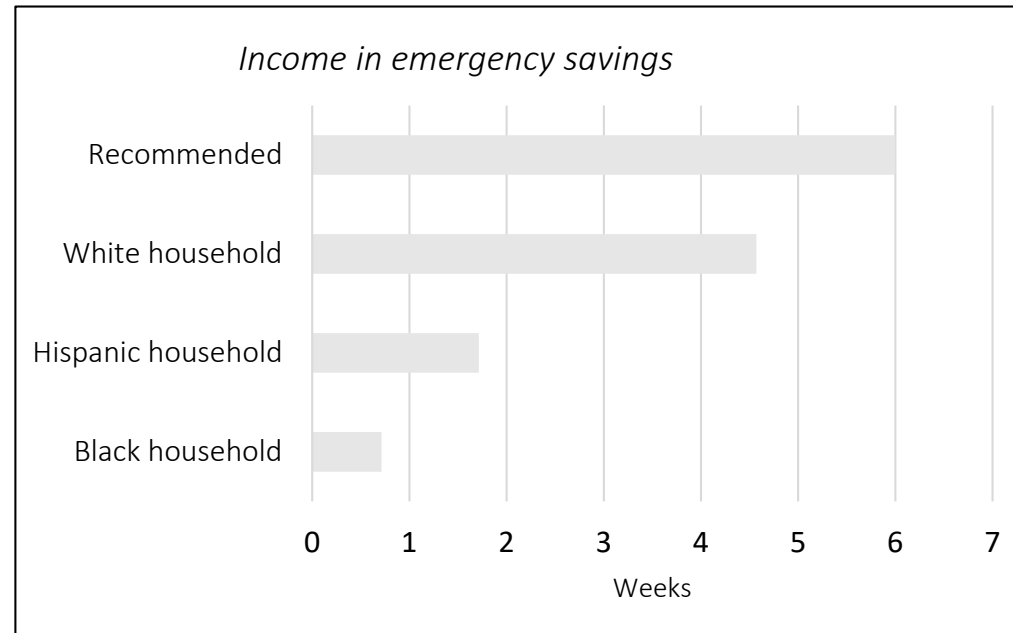
27% of US adults
would have to borrow or sell
something to cover a \$400
emergency expense



12% of US adults
would not be able to
cover the expense at
all

State of emergency savings

- Families need roughly six weeks of take-home income in liquid assets to weather a simultaneous income dip and expenditure spike. Currently, 65% of families lack a sufficient cash buffer to do so.



Challenges to building emergency savings

- Unexpected expenses make it difficult to save
- Volatile income and unpredictable cash flow make saving challenging
- Balancing debt and savings is hard to do
- Saving can be stressful and overwhelming
- Lack of access to or trust in banks creates a barrier to saving

What are we doing?

Mission

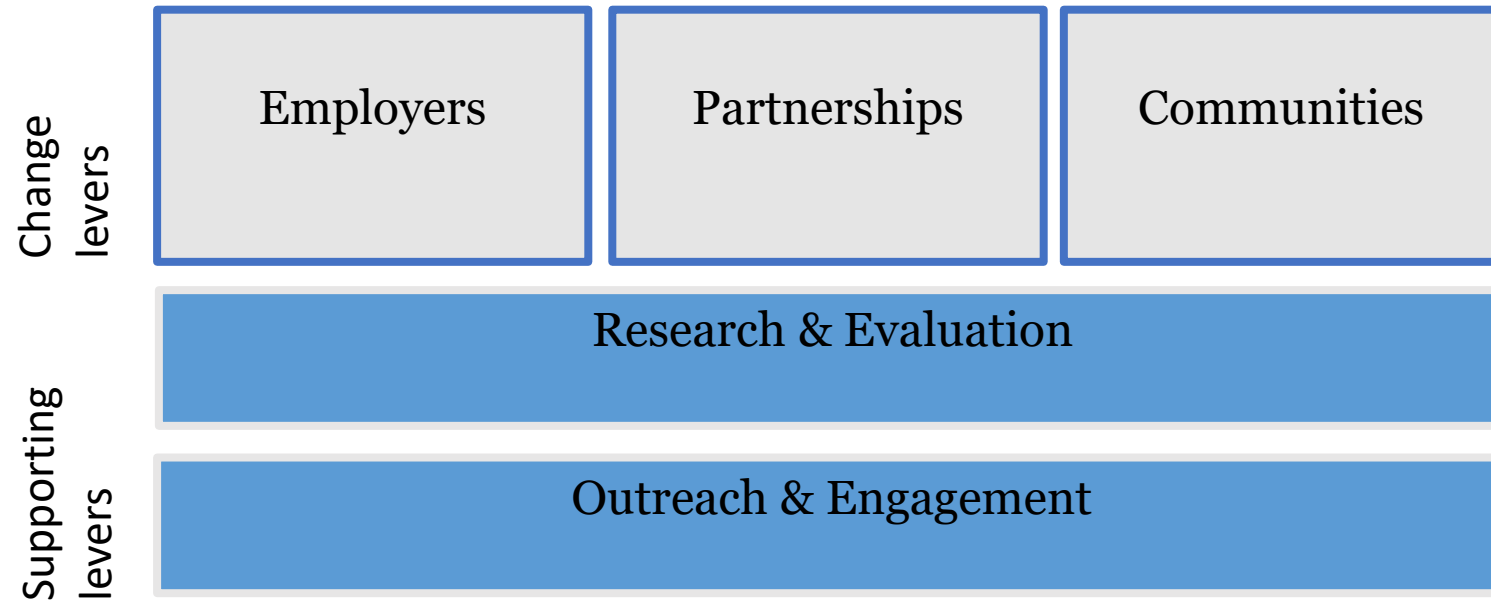
- Everyone in the United States has emergency savings.

Vision

- To increase people's opportunities to save and empower them to achieve their savings goals as a step to improved financial well-being.

We will address this problem utilizing the Bureau's levers

The Start Small, Save Up campaign will work to ensure everyone in the United States has emergency savings



The Bureau's Tax Time Savings Initiative

- Each year, the CFPB seeks a cohort of organizations that are diverse in scale, experience, and populations served to participate in the Tax Time Savings Initiative.
- Through the initiative the CFPB:
 - **Provides training and technical assistance** for enhancing and expanding tax time savings efforts to participants
 - **Documents promising practices**, and shares them with the field
 - **Refines tools and training** used with the cohort for dissemination to the broader field

Available at [consumerfinance.gov](https://www.consumerfinance.gov)

Most of the resources shared today can be easily found on [cfpb.gov](https://www.consumerfinance.gov)

Plus, there is more on the site that could prove useful to your VITA program.

The screenshot displays the CFPB website's 'Practitioner Resources' section. The header includes the CFPB logo, navigation links (Consumer Tools, Practitioner Resources, Data & Research, Policy & Compliance, About Us), a search bar, and a 'Submit a Complaint' button. The main content area is titled 'Resources for tax preparers' and contains a paragraph about saving money on tax refunds. Below this is a promotional box for tax season materials with a 'Know what you need? Order now' link. To the right, a sidebar titled 'About us' provides information about the CFPB and includes sections for 'FURTHER READING' with links to a blog post and a newsroom article, and 'Events' with a link to a field hearing.

cfpb Consumer Financial Protection Bureau

Search | [Submit a Complaint](#)

Consumer Tools | Practitioner Resources | Data & Research | Policy & Compliance | About Us

Resources for tax preparers

Saving money can be hard, especially for people living paycheck to paycheck. For many people, their tax refund is the single biggest check they receive all year, and can be a unique opportunity to save. Our free tools can help you encourage the clients you work with to save as much of their refund as possible.

Now's the time to order

Our materials are available at no cost to you. Delivery takes three to four weeks, so order now to make sure they arrive for the start of tax season.

[Know what you need? Order now](#)

[Browse our free outreach tools](#)

Strengthen your services

Help staff and volunteers work effectively with taxpayers at your site. As you prepare to open your doors to clients, use these tools to create a practical plan for encouraging tax-time saving, tailored to your site's needs, capabilities, and clients.

About us

We're the Consumer Financial Protection Bureau (CFPB), a U.S. government agency that makes sure banks, lenders, and other financial companies treat you fairly.

[Learn how the CFPB can help you](#)

FURTHER READING

Blog

[Opportunity for organizations that serve economically vulnerable populations to receive support](#)

AUG 29, 2019

Newsroom

[CFPB Releases Research on Tax Time Savings](#)

SEP 03, 2019

Events

[Field hearing on consumer access to financial records in Salt Lake City, Utah](#)

NOV 17, 2016

<https://www.consumerfinance.gov/practitioner-resources/resources-for-tax-preparers/>

2019 Tax Time Saving Initiative cohort results

- **76 organizations** providing Volunteer Income Tax Assistance and Tax Counseling for the Elderly (VITA/TCE) participated last year, including AARP Foundation Tax Aide (Tax-Aide), the nation's oldest and largest VITA/TCE provider.
- Participating organizations prepared **1,973,450 returns**
 - Returns completed by participants ranged from 206 returns to 1,611,592 returns prepared by Tax-Aide, a program of the AARP.

2019 Tax Time Saving Initiative cohort results

Table 1: Saving using direct deposit split refund or savings bonds				
		AARP Tax Aide	VITA	% Total
%	Returns prepared	1,611,592	241,897	1,853,489
%	Claiming EITC	164,989	75,373	240,362
%	Receiving a refund	1,302,013	192,689	1,494,702
%	Refund by direct deposit	955,900	135,337	1,091,237
%	Splitting refund using 8888	776	4,355	5,131
%	Purchasing savings bond	166	1,722	1,888
%	Total saved /split or bond	942	6,077	7,019
%	Percent saved /split or bond	0.10%	4.49%	0.64%

12 Promising Practices for Tax Time Savings

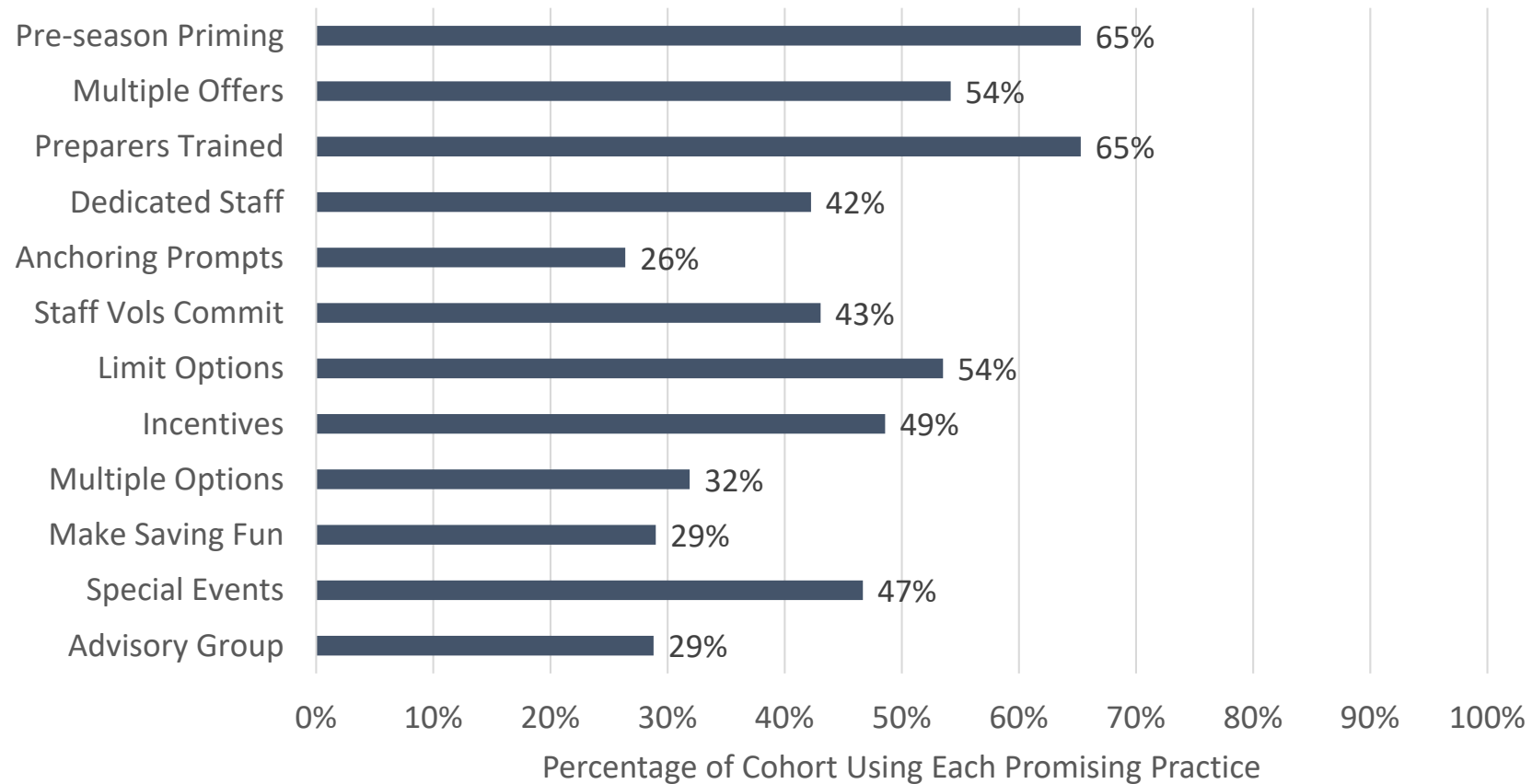
CFPB's 12 promising practices for tax time savings

1. Communicate with consumers about saving before they come to the tax site
2. Offer saving choices more than once at the tax site
3. Make sure tax preparers know how to help consumers save while filing
4. Dedicate staff or volunteers to encourage saving
5. Use “anchoring” and prompts to help consumers focus on a savings goal
6. Build commitment among staff and volunteers to encourage saving

CFPB's 12 promising practices for tax time savings, (continued)

7. Provide incentives, including non-financial rewards, to encourage saving
8. Don't overwhelm consumers by offering too many different types of services
9. Provide multiple product choices for saving
10. Make saving fun and exciting
11. Special financial well-being events
12. Advisory groups to develop tax time savings strategies for VITA

Practices usage within the cohort in 2019



Start Small, Save Up resources: Savings Booklet

Now available

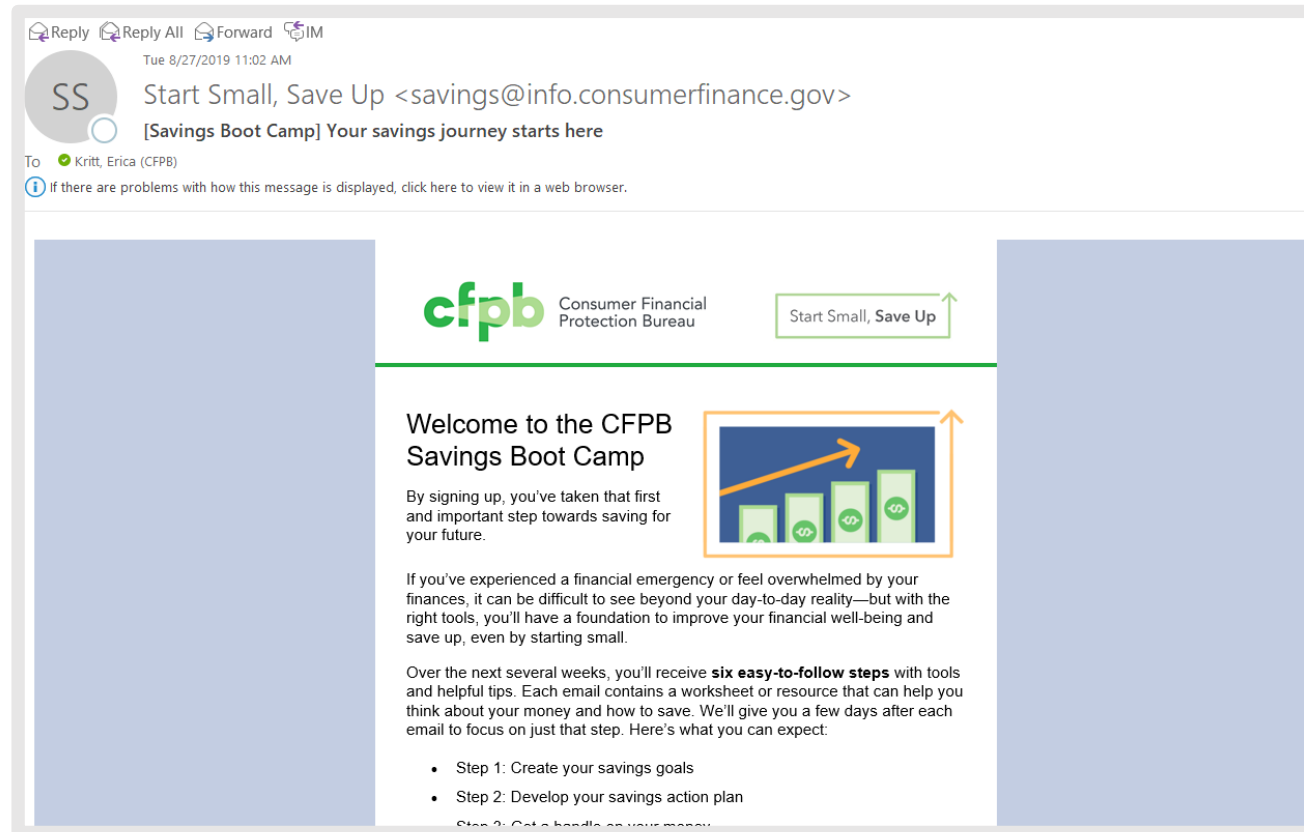
**Building your savings? Start
with small goals.**

Featuring 8 tools to:

- Build a plan to save
- Determine where to save
- Better manage cash flow
- Set reasonable goals for saving
- Build a rainy day fund
- Save a portion of a tax refund



Start Small, Save Up resources: Savings Bootcamp





Optimizing the Tax Time Moment

Save Money WIN MONEY

Saving money can be a game changer. That's why SaverLife makes it safe, simple, and rewarding. Through engaging gameplay, cash prizes, and valuable financial tips, we set you on the path to savvy savings habits and achievable dreams.

[Sign Up Free](#)


Tax Time Quest

Take the pledge for a chance to win \$50! Then earn points for more ways to win.



Scratch & Save

Each week, save \$5 for a chance to win!

How SaverLife works

1.

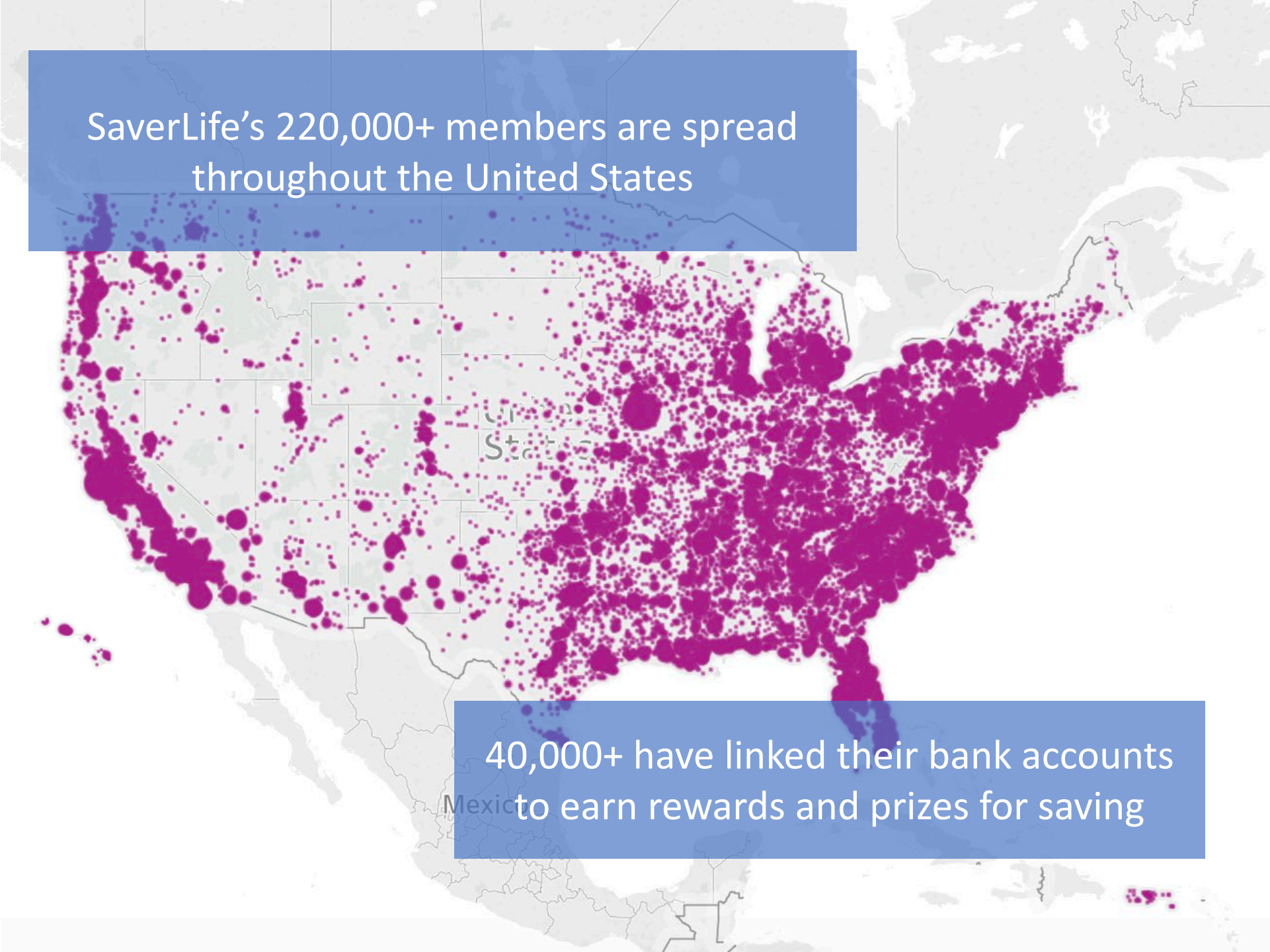
Visit SaverLife.org. Check out hundreds of up-to-date and verified financial coaching lessons, tools and calculators, forums and more.

2.

Sign up for access to prizes and rewards. Link an existing savings account.

3.

Start saving and watch your savings grow!

A map of the United States with numerous purple dots of varying sizes scattered across the landmass, representing the locations of SaverLife members. The dots are most densely packed in the Northeast, Midwest, and West Coast regions. Two blue text boxes are overlaid on the map: one in the upper left and one in the lower right.

SaverLife's 220,000+ members are spread
throughout the United States

40,000+ have linked their bank accounts
to earn rewards and prizes for saving

More about our members



82% Women



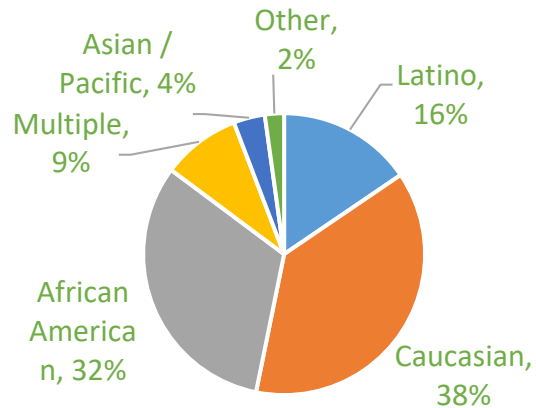
\$32,000
average income



87% do not have a
college degree



64% single parents



Members' Sources of Income

Other/Multiple: 29%
Not earning any income: 18%
Disability Benefits: 17%
Full-time: 20%

Part-time: 14%
Multiple part-time jobs: 1%
Self-employed: 0.4%

Effective interventions get results

Pledging primes people to take action



We're giving away \$15,000 in prizes to people who take the pledge!
Make a commitment to yourself and you could win instantly.

Stories unite people and normalize behaviors



Elizabeth F.

My #SavingsResolution is to set money aside for weathering life's storms. My four beautiful mermaids are counting on me to keep them safe and sheltered!

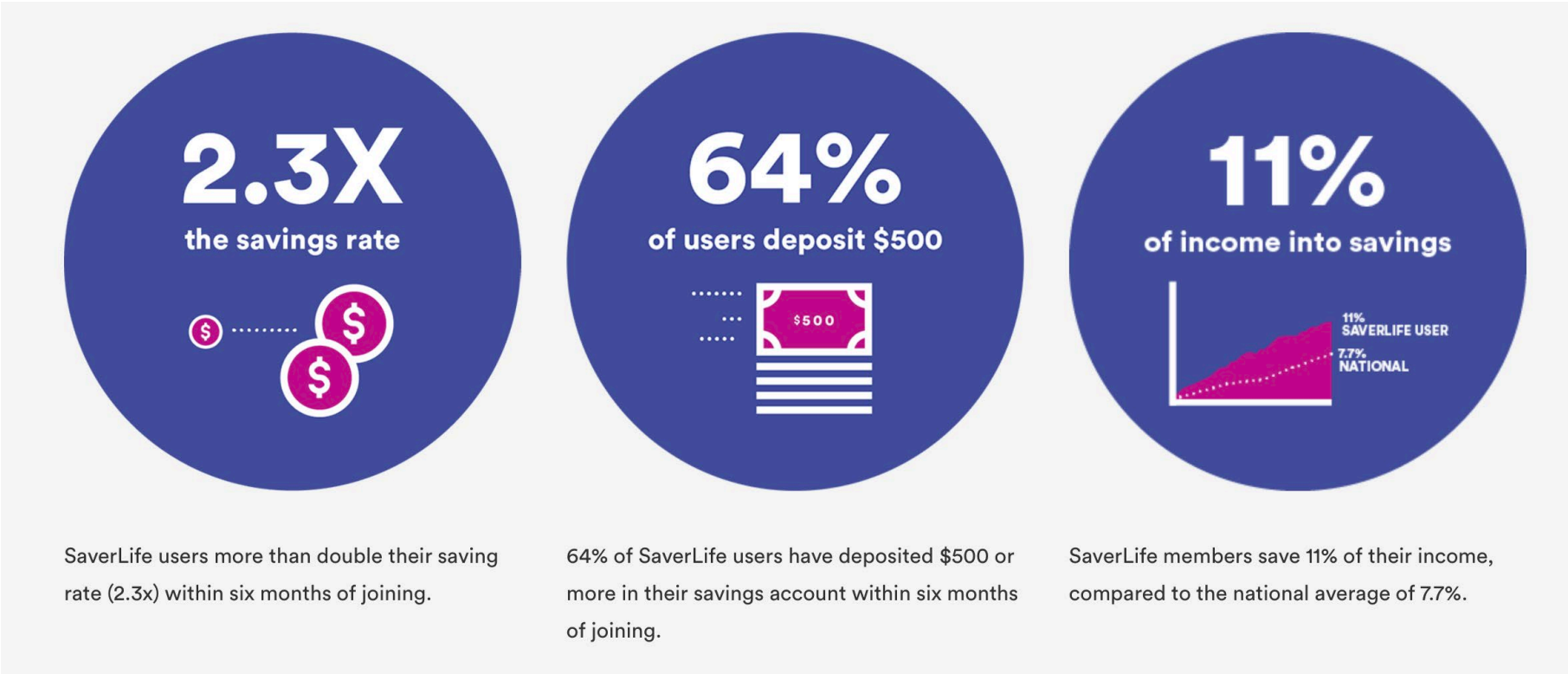
Vote



Digital scratch cards incentivize saving and drive engagement



SaverLife's impact



March 19, 2020

* Based on people saving in Savings accounts where data is available at least 6 months before joining SaverLife
** For Members who are successful participants in the SaverLife program – defined as increasing savings in six months

Tax time savings pledges



Congratulations on taking the pledge!

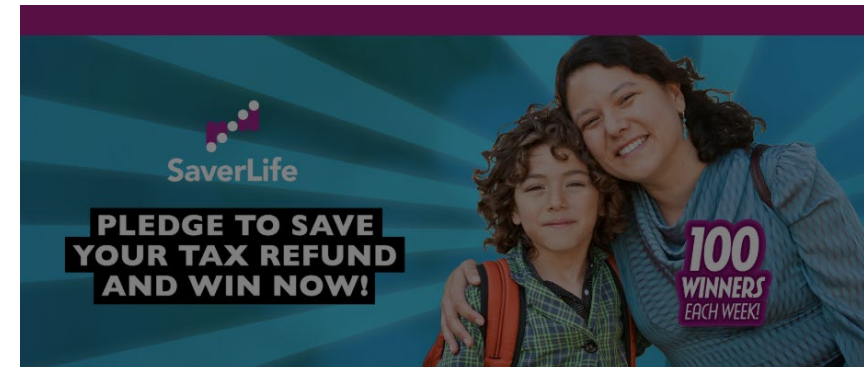
Scratch away the area below to see if you are a winner!



To scratch, move the \$ over the scratch area with your mouse, or rub it with your finger on your phone or tablet.

[Official Rules](#) • [Prizes](#) • [FAQ](#) • [Privacy Policy](#) • [Contact Us](#)

ENTER, WIN OR CLAIM A PRIZE. A PURCHASE DOES NOT INCREASE YOUR CHANCES OF WINNING. Void where prohibited. Open only to permanent legal residents of the 50 United States. Promotion begins 10/15/18 at 12:00 PM PT and ends 4/1/19 at 11:59 PM PT. Prize restrictions apply. To enter and for the Official Rules and prize details, Click Here. Sponsor: EARN Inc., 235 Montgomery Street, San Francisco, CA 94104.



Congratulations on taking the pledge!

Scratch away the area below to see if you are a winner!

Congratulations, you won \$5!

Continue



To scratch, move the \$ over the scratch area with your mouse, or rub it with your finger on your phone or tablet.

[Official Rules](#) • [Prizes](#) • [FAQ](#) • [Privacy Policy](#) • [Contact Us](#)

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SaverLife

March 19, 2020

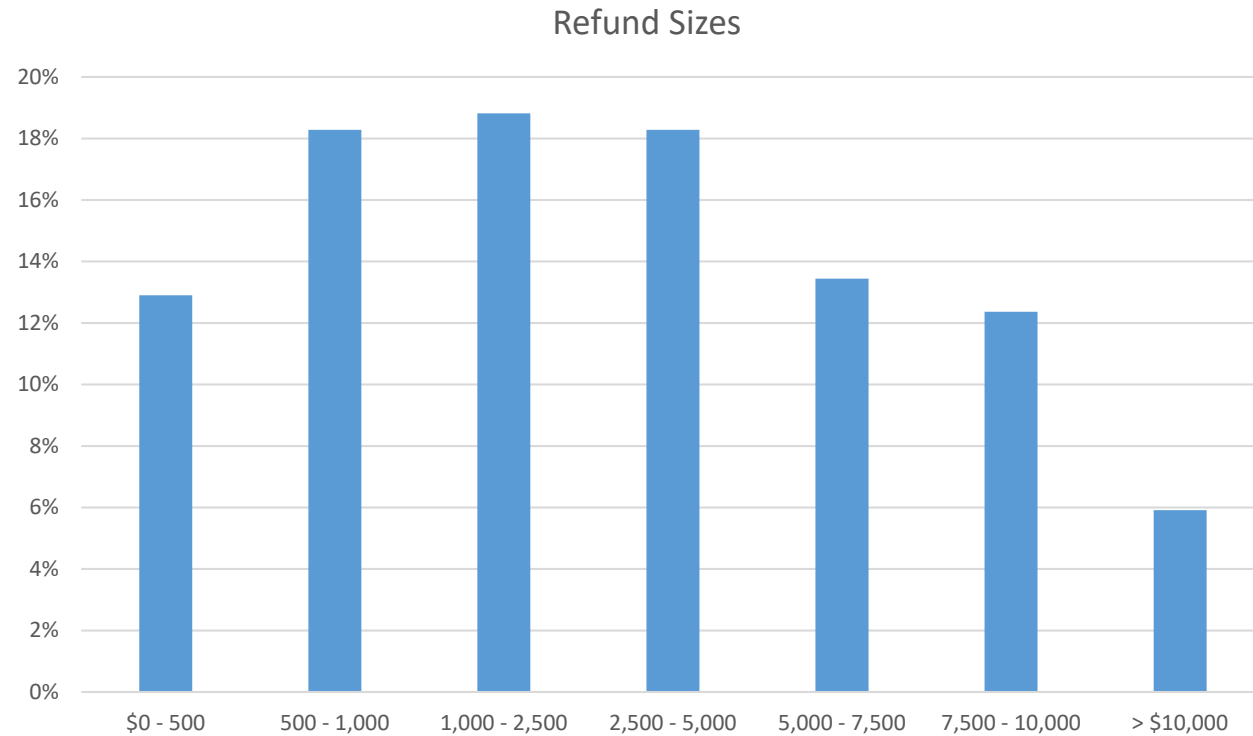
Derkisha - SaverLife's surprise \$5,000 tax time contest winner



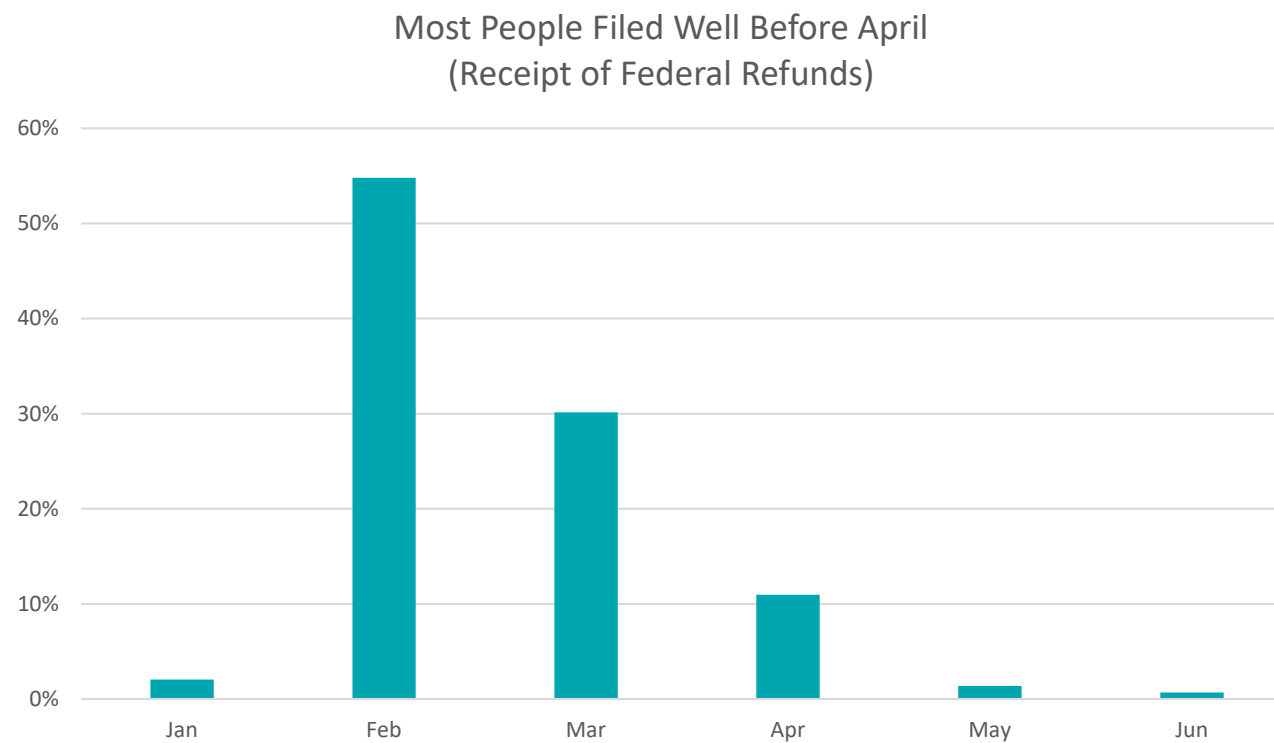
The SaverLife team traveled to Texas to surprise Derkisha with the news that she was our Grand Prize winner and won \$5,000.

Derkisha is currently getting her degree in nursing. When she graduates and starts working, her goal is to buy some land and build her “forever home” – a home where her kids can play and be safe, and come back to when they are older. The \$5,000 will go straight into savings so that she can make that dream a reality.

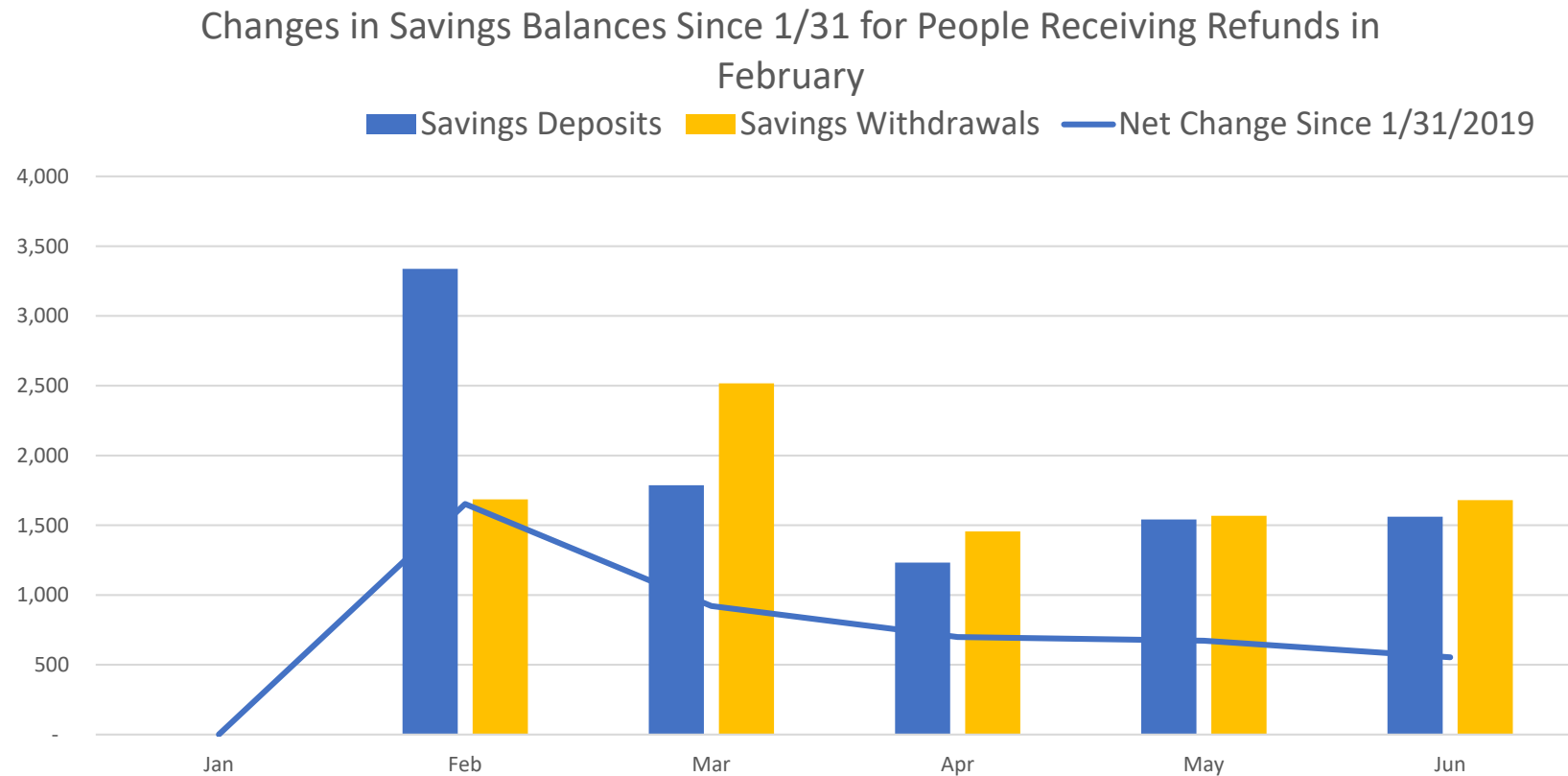
Members receive significant windfalls at tax time



February is peak filing season



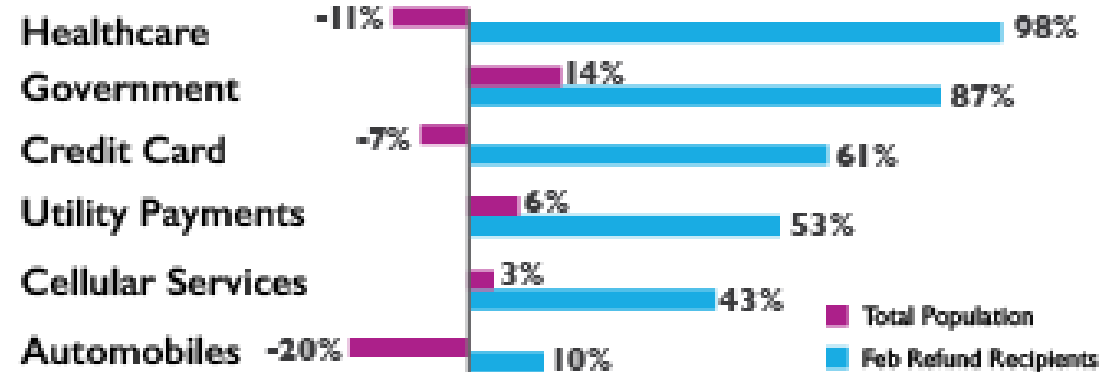
Changes in savings account balances



Early filers use refunds for what matters the most to them

Refunds Are Used to Play Catch Up

February Spending vs. Prior Three-Month Average



"The Tax Refund helped me clear a major chunk of my credit card debt" – Sanjay



How Partners Can Participate in 2020

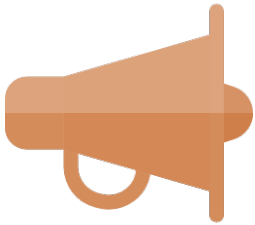
Encourage Clients to Take the Pledge

SaverLife is giving away \$20,000 to people who take the tax pledge



www.saverlife.org/pledge

Best Practices for using SaverLife



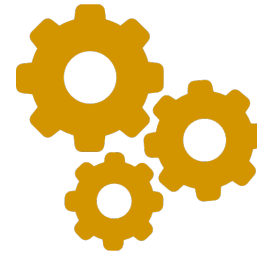
Be a SaverLife
Ambassador



Dedicate
staff time



Use trusted
relationships



Integrate into
programming



Share
feedback



Thanks!

