



Automating Savings in the Workplace: Insights from the AutoSave Pilot

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Agenda

- Introductions
- AutoSave Concept
- AutoSave Pilot
- Early Pilot Observations
- Insights for Policy

Project Leadership

- **New America Foundation**
 - Nonpartisan, nonprofit, public policy institute
 - The Asset Building Program develops innovative policy proposals to enable low-and moderate-income families to build savings and wealth.
- **MDRC**
 - Nonpartisan, nonprofit, social policy research organization
 - Has decades of experience and expertise designing and operating pilot programs for low-wage workers and communities.

What Problem Does AutoSave Seek to Address?

- ❖ All households need access to unrestricted funds to bridge short term cash flow gaps, build own safety net, and reduce the need for high-cost credit.
 - ❖ Un-preparedness for emergencies (asset poverty)
 - ❖ Non-restricted use savings overlooked by policy and products
 - ❖ Behavioral impediments (i.e. inertia)

AutoSave: The Concept

- Automated, regular savings for short-term or emergency use
- Low-cost benefit leveraging existing payroll infrastructure
- Savings directed from post-tax wages; Normal tax rules apply
- Automatic Enrollment; Freedom to opt-out

AutoSave: The Pilot

Two-Staged Approach

- 6 to 9 month pilot for operational feasibility (current stage)
- 2 year demonstration for impact (proposed next stage)

Pilot Qualitative Study

- Take-up data, aggregated account activity
- One site pursuing more in-depth follow-up on account holders
- Employee Focus Groups

Pilot Research Questions

- Will **employees** enroll in an employer facilitated, regular savings plan, in which they can open individual, non-restricted use savings accounts in a simple, streamlined process?
- What does it take for **employers** to implement an easy-enrollment, automatic deduction savings plan, and why do they choose to do so?
- Will **financial institutions** be able to offer a remote account opening process (that does not require their presence); shorter, simpler account opening forms; and a suitable savings account product with low or no fees? How do financial institutions decide whether to offer AutoSave?
- Will the AutoSave model, of using existing tools--payroll infrastructure, direct deposit, split pay, remote account opening---and a behaviorally-informed design, be operationally feasible for all stakeholders involved and replicable in a variety of workplace settings?
- What insights, challenges, and opportunities emerge for savings policy?

Implementing Partners

- 5 Employers
 - Southern CA distribution warehouse for national drugstore chain
 - Small nonprofit provider of voc. training & computer refurbishing
 - For-profit school meal catering enterprise, recently expanded
 - Two large municipal employers, located on the E. and W. coasts
- 5 Financial Institutions
 - 2 banks; 3 credit unions

Behavioral Principles

AutoSave Design Features

Simplify
Minimize Hassle Factors



Streamline new account paperwork
Pre-populate form fields
Enroll at work, no bank/credit union trips

Constrain Choices



Recommend a standard saving amount
Pre-screen the account and its terms

Automaticity



“Set it and forget it”
Direct deposit automates savings

Mental Accounting



Segregate savings from transaction account
New account (perhaps) in new depository
Not linked to checking

Create Social Norm



Presented as a standard employee benefit

Employer: Direct Deposit Authorization



Bank: New Account Application



Resolution 1/2008

AmCheck
PAYROLL • HR • BENEFITS

DIRECT DEPOSIT & CASHPAY VISA AUTHORIZATION FORM

I hereby authorize AmCheck, hereinafter called COMPANY, to initiate credit entries and to initiate, if necessary debit entries and adjustments for any credit entry in error to my (our) account indicated below and the financial institution named below, hereinafter called DEPOSITORY, to credit and/or debit the same to such account. This authority is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

CHECK ONE:
 ADD-Deposit my pay to the account shown* CHANGE-Change financial institutions and/or account number*
 ADD-Deposit my pay to my CashPay Visa Account* CHANGE-Stop my participation in the program

*Due to the time required for COMPANY and bank processing, allow one or two pay periods for processing. You will be receiving a regular paycheck until the change can be processed.

CHECK ONE:
 Deposit Entire Net Pay Checking Account (Verify Account # & Routing # With Bank)
 Deposit Flat Dollar Amount \$ _____ Savings Account (Verify Account # & Routing # With Bank)
 Deposit Percentage of Net Pay _____ % CashPay Visa Account

All Fields Must Be Completed In Full:

Today's Date:	Employee Name (Print):	Company Name:
Employee SSN:	Bank Name:	
Bank Routing Number (Leave Blank For CashPay Visa):	Bank Account Number (Leave Blank For CashPay Visa):	

Additional Information Required For CashPay Visa Only:

Address:		Apartment Number:	
City:	State:	Zip:	
Home Phone:	Work Phone:	Date of Birth:	Mother's Maiden Name:

INCLUDE A COPY OF A VOIDED CHECK
(Not required for CashPay Visa)

Employee Signature (Required)

Consumer Account Application (Offsite Use)

Bank name _____

I would like to open/apply for the following accounts:
 Checking Other If opening a checking account: Check style: _____
 Savings (Membership Bkg Co Code _____) Wallet Duplicate Card

To help the government fight the funding of terrorism and money laundering activities, U.S. Federal law requires financial institutions to obtain, verify, and record information that identifies each person (individuals and businesses) who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Customer Information - 1				Customer Information - 2			
Full name	Relationship to Account	Full name	Relationship to Account	Full name	Relationship to Account	Full name	Relationship to Account
Street address	How long at this address	Street address	How long at this address	Street address	How long at this address	Street address	How long at this address
Directional address (Document directional address for customers who do not have physical residence, business, or alternate street address.)				Directional address (Document directional address for customers who do not have physical residence, business, or alternate street address.)			
City	State	Zip code	City	City	State	Zip code	City
<input type="checkbox"/> Rent <input type="checkbox"/> Own <input type="checkbox"/> Other	Date of birth		<input type="checkbox"/> Rent <input type="checkbox"/> Own <input type="checkbox"/> Other	Date of birth		<input type="checkbox"/> Rent <input type="checkbox"/> Own <input type="checkbox"/> Other	Date of birth
Telephone Identification Number (TIN)	Home phone		Telephone Identification Number (TIN)	Home phone		Telephone Identification Number (TIN)	Home phone
Previous street address	How long at this address		Previous street address	How long at this address		Previous street address	How long at this address
City	State	Zip code	City	State	Zip code	City	State
I am a U.S. citizen: <input type="checkbox"/> Yes <input type="checkbox"/> No If No, country of citizenship: _____				I am a U.S. citizen: <input type="checkbox"/> Yes <input type="checkbox"/> No If No, country of citizenship: _____			
Current employer	Occupation	Job title	Current employer	Occupation	Job title	Current employer	Occupation
Current employer's address	City	State	Zip	Current employer's address	City	State	Zip
Monthly gross income	How long with employer	Business phone		Monthly gross income	How long with employer	Business phone	
Do you anticipate foreign wire activity? <input type="checkbox"/> No <input type="checkbox"/> Yes, provide up to two countries: _____				Do you anticipate foreign wire activity? <input type="checkbox"/> No <input type="checkbox"/> Yes, provide up to two countries: _____			
<input type="checkbox"/> Driver's license or other identification number	State/Country	Issue Date	Exp. Date	<input type="checkbox"/> Driver's license or other identification number	State/Country	Issue Date	Exp. Date
Secondary identification	State/Country	Issue Date	Exp. Date	Secondary identification	State/Country	Issue Date	Exp. Date
Document discrepancy/variation between customer Name/Address/DOB provided by customer and reviewed on customer ID (if applicable): _____				Document discrepancy/variation between customer Name/Address/DOB provided by customer and reviewed on customer ID (if applicable): _____			
My Previous Account (most recent) _____ account number _____ Name of financial institution and city				My Previous Account (most recent) _____ account number _____ Name of financial institution and city			

Request for Taxpayer Identification Number and Certification (Substitute Form W-9)

Certification: Under penalties of perjury, I certify that:
 1) The number shown on this form is my correct Taxpayer Identification Number, and
 2) UNLESS I HAVE CHECKED ONE OF THE BOXES BELOW, I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding (does not apply to real estate transactions, mortgage interest paid, the acquisition or abandonment of secured property, contribution to an Individual Retirement Arrangement (IRA), and payments other than interest and dividends), and
 3) I am a U.S. person (including a U.S. resident alien).
 I am subject to backup withholding I am exempt from backup withholding Signature _____

Joint Account with Right of Survivorship (Texas Only)
 The persons signing this section hereby agree with each other and the bank that this account is a joint account with right of survivorship, and that on the death of one party to a joint account, all sums in the account on the date of death vest in and belong to the surviving party as his or her separate property and estate. Each person signing this section who is married to a person who is not also signing this section represents and warrants that no funds now or hereafter deposited to the account, nor any interest earned on such funds, are subject to the management, control or disposition (jointly or otherwise) of such person's spouse.
 Signature _____ Signature _____

Wisconsin Residents Only
 The Direct Deposit Advance® Service may be available to Wisconsin consumer checking account with directly deposited income.
 Customer 1 - I am married unmarried legally separated
 Customer 2 - I am married unmarried legally separated

NOTICE TO MARRIED APPLICANTS: No provision of any marital property agreement, unilateral statement under Sec. 766.50 Wis. Stats. or a court decree under Sec 766.70 adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted, is furnished a copy of the agreement, statement or court decree or has actual knowledge of the adverse provision when the obligation to the creditor is incurred.
 Married Wisconsin resident applying individually (Customer 1) or married Wisconsin residents applying jointly, but not married to the other signer (Customer 1 and 2), please complete name and address of spouse on the separate Direct Deposit Advance Service - Wisconsin Marital Property Act (WMPA) Credit Notice to Spouse.

Signatures
 Everlasting I have stated in this application is correct. You are authorized to make any inquires that you consider appropriate to determine if you should open the account. This may include ordering a credit report or other report (i.e. information from any motor vehicle department or other state agency) on me. I have received a copy of the applicable account agreement and privacy brochure and agree to be bound by them, including the terms of the Direct Deposit Advance® Service and Deposit Advance™ Service (Deposit Advance Service not available in all states) described in the Service Agreement and Product Guide. I also agree to the terms of the dispute resolution program described in the account agreement and Service Agreement and Product Guide. Under this program our disputes will be decided before one or more neutral persons in an arbitration proceeding and not by a jury trial or a trial before a judge.

For account number(s)	Account type(s)	TIN
Authorized signature		
Authorized signature		
Authorized signature		
Authorized signature		

CNSB996 (10-08 118822FO) Confidential when completed

Auto Save

DIRECT DEPOSIT FORM



Today's Date		Company Name REVOLUTION FOODS			
First Name	Middle Initial	Last Name	Suffix	SS# or TIN	
Home Address		City	State	Zip	
Mailing Address (only if different from above)		City	State	Zip	
Phone Number:		Circle One:	HOME	WORK	CELL

Primary payroll deposit: Check one <input type="checkbox"/> Deposit into my existing bank account <input type="checkbox"/> Cut me a paper check	Complete only if you elected for your primary deposit to be made into an existing checking or savings account. Please attach a voided check. Bank Name Bank Routing Number Bank Account Number
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AUTOSAVE BENEFIT

Fill in below to set up AutoSave, either with your own savings account, or to have us set up a ABC Bank savings account for you, free of charge.

- Sign me up for the standard savings amount of \$25 per pay period.
- I'd like to save more. Enroll me at a savings amount of \$35 per pay period.
- I can't save at the recommended rate right now. Please enroll me at a savings amount of just \$15 per pay period.

<input type="checkbox"/> Sign Me Up for a New, Guaranteed ABC Bank AutoSave Account	<input type="checkbox"/> Use My Existing Savings Account
Bank Name City ABC BANK	Bank Name City
Bank Routing Number 121042882	Bank Routing Number
Bank Account Number [To Be Completed by Revolution Foods]	Bank Account Number

I have received information about the AutoSave benefit, and I do not wish to participate.

Signature

Continued on back

Early Observations

- Field testing AutoSave model and process critical
- Savings purpose (for “rainy day”) resonates
- Direct deposit and split pay underutilized
- Variance in operations and policy interpretations
- Model still has much potential to be explored

Insights for Policy

- Automatic enrollment for basic savings accounts not legally feasible; thus, legal clarification needed regarding opening new accounts on behalf of others
- Direct deposit laws in play
- Barriers to saving persist

Upcoming

- Attempt automatic, default (opt-out) design
- Direct deposit research
- Expert convening
- Decide whether to proceed to stage 2, experimental design

Stage 2 Demonstration (Select) Questions

- Does AutoSave increase saving rates?
- Does AutoSave reduce the use of alternative, often high-priced, credit options?
- Does AutoSave improve job retention and performance?
- Does AutoSave increase financial stability?
- Does AutoSave increase asset accumulation/wealth?
- Do AutoSave's effects vary by employee and employer characteristics?
- Are there enhancements to the basic intervention that might have an impact on saving?

For More Information

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[Project Page](http://www.newamerica.net/programs/asset_building/autosave)

http://www.newamerica.net/programs/asset_building/autosave



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[Project Page](http://www.mdrc.org/project_16_98.html)

http://www.mdrc.org/project_16_98.html



Preferred Account Features

- Federal Insurance (FDIC, NCUA)
- Interest bearing
- Statement provided
- Access to savings at teller and ATM
- Provide ATM card, but do not enable for store purchases
- No possibility for overdraft or negative balance