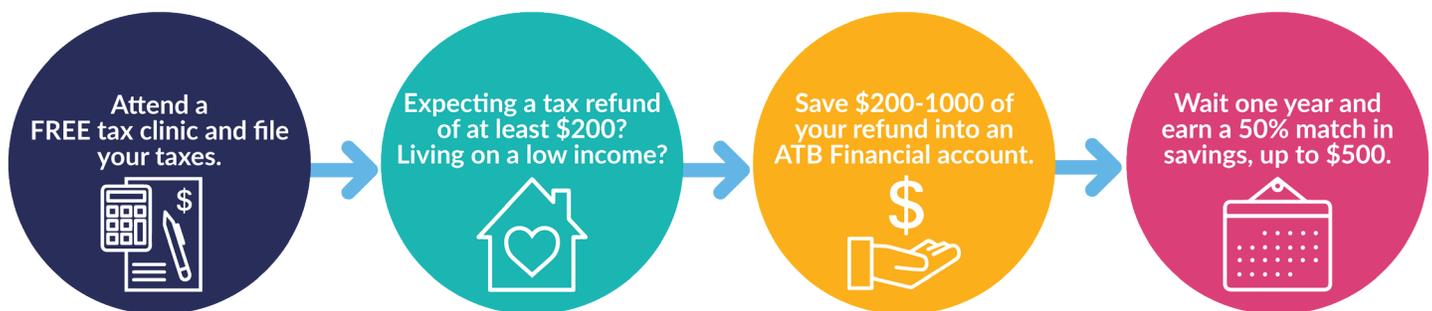


Incentivized Savings

An Effective Approach at Tax Time

Program Background

A tax refund is often the largest amount of money a low-income household will receive throughout the year. It offers a unique opportunity to think long term and save for the future. Thus, in 2018, Momentum launched a new pilot program called Tax Time Savings (TTS), presented by ATB. It was through a dedicated collaboration with ATB Financial, Aspire Calgary, Sunrise Community Link Resource Centre, Centre for Newcomers, and First Lutheran Church Calgary that made it all possible.



Building on Momentum's expertise in matched savings programming, the success of tax clinic partner agencies within Aspire, and inspired by the SaveUSA model; TTS encourages and supports low-income tax filers to pledge and save \$200-\$1000 from their tax refund into a dedicated personal ATB savings account. If participants maintain their savings for a period of one year, they earn a 50% match up to \$500. Further, if participants attend five financial literacy workshops in conjunction with TTS, \$100 is added to the matched savings amount earned at program end.

“

It was a great opportunity to practice self-discipline when saving money, by giving a stronger incentive to not touch my money.

-Tax Time Savings Participant

”

Program Evaluation

The TTS team hired Constellation Consulting to externally evaluate the pilot program. Questions we tackled were:

- In comparison to traditional models, does this low-touch matched savings design achieve similar savings behaviour and financial literacy outcomes?
- Is this model a sustainable approach to embed within the Aspire Collaborative suite of programming?

“

It gives me an opportunity to save for a family vacation, something our family has never experienced.

-Tax Time Savings Participant

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Evaluation Highlights

TTS did not hit its original target of enrolling 300 participants at tax clinics throughout the city. The program goal was 200 successful program graduates by year end, representing a 66% conversion rate on the target. While these numbers were not met, those who did enroll found great success.

As seen in the chart below, 179 participants completed paperwork at a local tax clinic during tax season with the intention of joining the TTS program. They were all tasked with the next step of opening an ATB savings account at a local branch and make their first deposit of at least \$200. Of the 135 that opened an account, 129 (or 96%) participants succeeded in saving their refund for one full year, resulting in \$201,000 of combined personal and matched savings.

Number of TTS Participants from Program Intake to Program Completion (June 2018 to May 2019)

179 Participants



Signed up to participate in TTS

135 Participants



Opened an ATB Savings Account

131 Participants



Opened an ATB Savings Account and made the minimum deposit before the deadline

129 Participants



Maintained their savings until May 2019

Additional Highlights

- 93% of participants earned the maximum match of \$500
- 95% of participants said they intended to continue to save money going forward
- 98% felt more comfortable saving money because of the TTS program
- 94% felt more comfortable using a bank because of the TTS program
- 99% of participants that signed up for the program indicated that the matched savings incentive was important for them
- 75 participants attended optional financial literacy workshops, while 17 participants received the \$100 bonus incentive to complete all five

They Rocked It!



Tax Time Savings Participants John and Rebecca show off their boosted tax return. Photo and story courtesy of ATB Financial.

Two participants, Rebecca and John, spoke to ATB & program staff at the final wrap-up event and explained how meaningful the program has been to them, but not without some obstacles along the way.

“I thought maybe I was going to have to ask for help throughout the year, but I didn’t - to my surprise and delight,” explained Rebecca. “Putting timelines in place around my savings really helped. I’ve also been trying to watch how much I spend on things since then. I’ve been trying to make more budgets and decide with each paycheque where it’s going. That’s been really helpful.”

John iterated a similar sentiment as he discussed his experience in the program. “There were several moments I thought about taking the money out but since the account was only for deposits that made it easier to control my finances. That really made me think that I know my money is there, but I shouldn’t touch it,”

“It makes you feel better when you reach a goal. Like, really emphasizing that it’s a small thing but doing small things are what really make big dreams happen,” he added.

Key Learnings

The program proved the concept that tax filers living on a low income want to save their refund, despite the financial challenges that many are faced with. When coupled with a low-touch program design and added incentives, participants did indeed save for one full year - with intentions to keep doing so for the long term. Key learnings and recommendations include:

- Continue to seek and expand opportunities to encourage tax filers to save their refund through incentivized programming.
- Explore sustainable approaches to operating programs like the Tax Time Savings model. Although the low-touch design proved to be successful for participants, high recruitment targets during the short tax season and the matched savings ratio may present challenges going forward.
- Provide a high level of support for participants to follow through on opening their dedicated savings accounts since this seemed to be the biggest hurdle for the pilot participants.
- Ensure all tax clinic and banking staff/volunteers involved in the program are well-trained and fully aware of the program details, to increase program success.
- Strong promotion before, during, and after the tax clinics leads to a higher success rate; as tax filers may easily slate their tax refund for competing priorities.
- Advocate for changes to tax refund options for Canadians to decrease barriers to saving at tax time, such as refund splitting into two direct deposit accounts, as opposed to one.

“

Since starting, I've increased saving more money to my TFSA from \$50 to \$100 because of the workshops. I think moving forward, I will increase this to push me to save more, rather than spend.

-Tax Time Savings Participant

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Program Partners:

Momentum
momentum.org

ATB Financial
Sunrise Community
Link Resource Centre

Centre for
Newcomers
First Lutheran
Church Calgary
Aspire Calgary

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Evaluation by:

Constellation
Consulting Group