

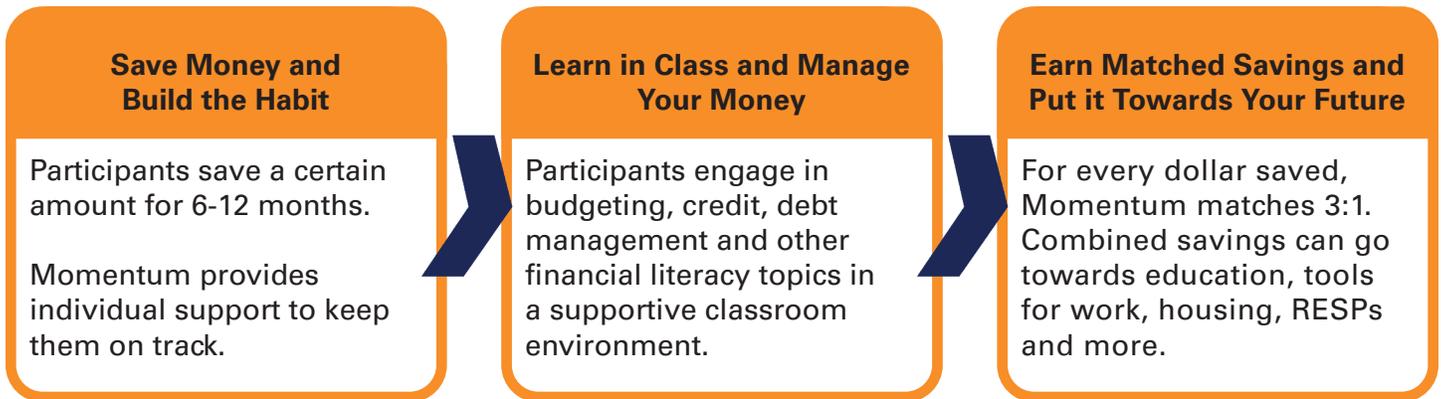
# The Impact of Matched Savings Programs: Building Assets & Lasting Habits

Matched Savings programs, or Individual Development Accounts, are a financial empowerment strategy that aim to build financial stability and reduce poverty. These programs build sustainable livelihoods by working with participants to earn savings while learning about money management, build regular savings habits, self-confidence, and hope for the future. Matching funds act as a power boost to the participants' own savings, allowing them to purchase productive assets to move their lives forward.

The key findings of a 2019 survey of Momentum's Matched Savings program graduates showed they:

- Built regular savings habits
- Established emergency savings (\$500 or more)
- Contributed to registered savings (TFSA, RESP, RRSP, RDSP)

## How Do the Programs Work?



## Who Participates in our Matched Savings Programs?

Matched Savings programs are specifically designed for people living close to the poverty line facing various challenges to getting ahead. Many of our participants experience barriers to meaningful employment, often working multiple part-time or casual jobs while earning low wages, or receiving government benefits. Others live in overcrowded rental suits or affordable housing units to make ends meet. At Momentum, we offer five Matched Savings programs tailored to different demographics and asset goals, range of programs from youth focused on education savings to an advanced program for adults to save towards home ownership.

## 20 Years and Counting

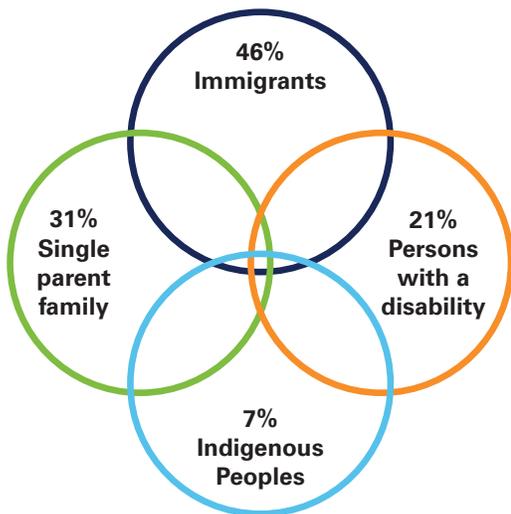
Momentum has been offering Matched Savings programs since 1999. In our first 20 years of programming, **2650 participants** have accessed the programs while living on a low income and over **\$4.1 million** has been provided in matched savings to help:



## Evaluating our Impact

In the fall of 2019, Momentum conducted an online reachback survey to measure the long-term outcomes of our Matched Savings programs. Between 2014 and 2018, over 700 participants graduated from the programs and they were contacted to participate in the survey.

Demographics of Matched Savings Participants between 2014 and 2018:



Annual household income (pre-tax):



Overall, **132 participants completed the online survey (19% response rate)** and their responses provided insights about their current savings habits and effective tools that help them save.

## Savings Habits

The reachback survey found that 92% of participants reported regularly or sometimes saving on a monthly basis. That means 9 out of 10 participants continued to save after completing their Matched Savings program. In comparison, less than half (42%) of participants reported saving some money on a monthly basis at intake. Based on participants' reflections in the survey, being able to 'adjust their spending habits' was the most significant contributor to enhance their ability to save.



**Over 9 in 10 participants continued to save after graduating from the program.**

**"I've learned that saving and planning can be taken in small steps, which have big results."**

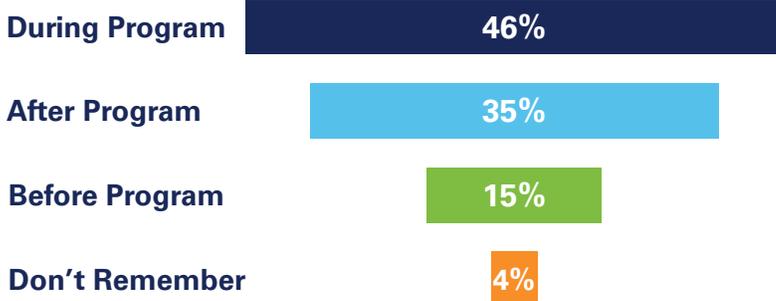
*-Program Participant*

## Automated Savings

Research in behavioural economics suggests the key to increase one's savings behaviours is making the act of saving as easy as possible.<sup>1,2</sup> One of the ways in which Matched Savings programs help make savings easier for participants is by recommending useful tips like the benefits of having automatic savings set up.

The survey showed that the majority (81%) of those with automatic savings<sup>3</sup> set these up during or after the Matched Savings program. Furthermore, participants in the survey identified automatic savings through a bank as their favourite and most helpful savings tool. By leveraging technology tools like automatic savings, Matched Savings programs are helping participants to save more regularly and effortlessly.

### Automatic Savings Transfers Set Up



**"Automatic savings works for me because I don't have to think about it each month. The amount of money grows over time and it's a nice surprise when I am struggling with finances and need some emergency funds."**

*-Program Participant*

1. Tanta, P., White, S., & Wright, J. (2014). A behavioral economics perspective on innovations in savings programs. *The Assets Perspective* (pp. 165-183). Palgrave Macmillan, New York.

2. Harvard Business Review (December 2017). "How digital tools and behavioral economics will save retirement." Retrieved from: <https://hbr.org/2017/12/how-digital-tools-and-behavioral-economics-will-save-retirement>

3. N=76

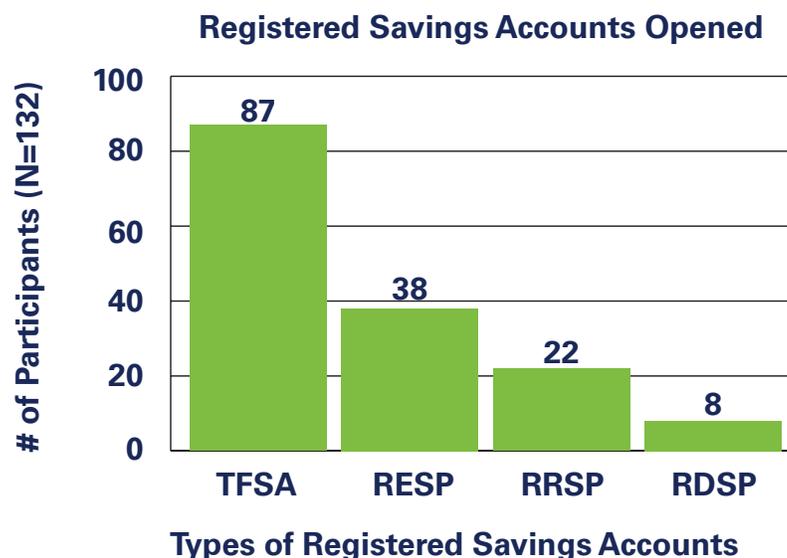
## Emergency Savings

In addition to building regular savings habits, participants in the Matched Savings programs are encouraged to have an emergency fund to cover unexpected life events or expenses. In the reachback survey, approximately 7 in 10 (72%) graduates have \$500 or more in emergency savings. Since the accumulation of emergency savings is often difficult for families living on a low income,<sup>4</sup> the Matched Savings programs are boosting participants' financial well-being through emergency savings.<sup>5</sup>

## Registered Savings Accounts

The survey also revealed that majority of participants (77%) contributed to at least one of the following registered savings accounts, including Tax-Free Savings Accounts (TFSAs), Registered Education Savings Plans (RESP), Registered Retirement Savings Plans (RRSP), and Registered Disability Savings Plans (RDSP).

TFSA is the most common registered savings account contributed to by participants (66%), followed by RESP (29%), RRSP (17%), and RDSP (6%). Since individuals living on low incomes face many challenges accessing registered savings products,<sup>6</sup> the findings suggest more and more participants can better utilize these products through a Matched Savings program.



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**"I walk away from this program with the knowledge that was given to me on many different money matters. I never had a TFSA before and now I do, and I have started to contribute to my savings again."**

*-Program Participant*

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4. Collins, J. (Ed.). (2015). A fragile balance: Emergency savings and liquid resources for low-income consumers. Springer.

5. Financial Consumer Agency of Canada. (November 2019). "Canadians and their Money: Key Findings from the 2019 Canadian Financial Capability Survey." Retrieved from: <https://www.canada.ca/en/financial-consumer-agency/programs/research/canadian-financial-capability-survey-2019.html>

6. Prosper Canada (Feb 2014). Toward a comprehensive and inclusive consumer protection framework for Canada. Accessed: <http://prospercanada.org/prospercanada/media/PDF/Publications/Submission-to-Finance-Canada-February-2014.pdf>

## Rehana Made Savings a Reality with Financial Empowerment Programs



Rehana took a serious look at her family's finances and entered Momentum's Financial Empowerment programs. She began by starting an RESP for her children worth \$2,000 by accessing the Canada Learning Bond.

She then enrolled in the Owen Hart Home Owners program, putting any extra money into the account, and saving \$6,200 for a downpayment on a home for her family. Afterward, she opened a TFSA for her husband and saved over \$10,000 in just a few years.

Rehana and her husband came to Canada from Bangladesh in 2013 as skilled professionals, however neither their degrees nor experience were recognized in Canada. Having to take part time jobs to survive, they questioned the decision to leave Bangladesh.

**"We didn't come here to get government assistance. We came here to be successful in life. We came with a dream and we had the courage to come out of that situation to achieve it."**

In the end, Rehana was able to save over \$22,000 in six years through Momentum programs and her own determination to save for the future of her family.

Along with their savings journey, Rehana re-did her Master's in Economics and her husband completed Class 5 Power Engineering training and found long-term work. Rehana was offered a job as a Teller at First Calgary Financial and since then, she has risen in the ranks and is now an Investment Coordinator.

## About Momentum

Momentum is a change-making organization that acts as a bridge by taking an economic approach to poverty reduction and adding a social perspective to economic development initiatives. Our programs are holistic, covering everything from financial literacy, entrepreneurship and employment training, to developing communication skills, building self-confidence and establishing positive social networks. Learn more at [www.momentum.org](http://www.momentum.org).

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