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# Piloting a Path for Employee Financial Resilience

6 Findings from First Major US City to Launch  
Employee Emergency Savings Pilot

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**Commonwealth** strengthens the financial opportunity and security of financially vulnerable people by discovering ideas, piloting solutions, and driving innovations to scale. For nearly two decades, Commonwealth has designed effective innovations, products, and policies enabling over a half a million people to accumulate more than \$1 billion in savings. Commonwealth understands broad changes requires market players to act. That's why we collaborate with consumers, the financial services industry, employers, policy-makers and mission-driven organizations. The solutions we build are grounded in real life, based on our deep understanding of people who are financially vulnerable and how businesses can best serve them.



Launched in 2017, the **Economic Mobility Lab** is a team of social entrepreneurs based in Mayor Martin J. Walsh's Office of Policy that researches and tests ideas with the potential to economically help low- and moderate-income Bostonians. To date, they've launched a Childcare Entrepreneur Fund, piloted a two-generation financial empowerment approach in Boston Public Schools, and conducted original research on financial security and childcare in Boston.



Boston Mayor Martin J. Walsh created the **Mayor's Office of Financial Empowerment** in 2015. Its mission is to promote financial empowerment and economic justice for Boston residents by leveraging partnerships and strategically implementing initiatives, programs, and services. Its vision is to be Boston's leader in addressing income inequality by empowering individuals, families, and communities to achieve lasting economic success.

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*The ability to handle even a small unexpected expense can ease financial stress and provide significant peace of mind. However, a lack of emergency savings is common—as many as 40% of households would struggle to cover an unplanned \$400 expense. Recognizing the importance of emergency savings, the City of Boston asked Commonwealth to evaluate a first-of-its-kind, city-organized emergency savings fund pilot to support their employees' financial security.*

## Introduction

Emergency savings are core to building financial security but remain elusive for many households. According to recent Federal Reserve [data](#), four out of ten Americans would struggle to cover a \$400 emergency expense. Saving for unexpected expenses may take a backseat to paying for everyday needs, but setting aside even small sums of money can prevent minor emergencies from turning into major obstacles. In a study linking citizen financial health to the economic health of cities, the Urban Institute [found](#) that households with even a small amount of non-retirement savings were less likely to face eviction, and that low-income families with savings were more financially resilient than middle-income families without them.

The lack of household emergency savings and financial insecurity more broadly impacts not only families, friends, and the community, but employers as well. According to global consultant [Mercer](#), employers have lost \$250 billion each year due to employee stress, with personal finances ranking as the top source of stress. Other studies have [found](#) that financial stress weakens performance on complicated mental tasks. As both large employers and institutions tasked with caring for the well-being of their residents, city governments are well-placed to support broad financial security through simple, low-cost, well-designed emergency savings programs. These programs allow cities, employers, and other actors across the economic system to support their bottom line and productivity while improving their employees' outcomes.

Recognizing this opportunity, the City of Boston developed the Emergency Savings Fund Pilot, the first major effort by a US city to encourage employees to save for emergencies. The City of Boston's Economic Mobility Lab and the Mayor's Office of Financial Empowerment (OFE) partnered with the nonprofit Commonwealth to evaluate the pilot. In this brief, we share six key findings for cities seeking to run their own successful split deposit programs.

## About the City of Boston's Emergency Savings Fund Pilot

The Mobility Lab and OFE worked with two City departments, the Boston Public Library (BPL) and Boston Centers for Youth and Family (BCYF), to encourage employees to split any amount of their direct deposit paycheck into an emergency savings fund. Employees who signed up to split any amount of their direct deposit into a secondary account were eligible to win a prize of \$100 or receive a guaranteed \$50 incentive from the City, depending on their department. The prizes and incentives were funded by The Rockefeller Foundation to promote the individuals' saving.

The pilot targeted both new and existing employees. The former were introduced to the pilot as part of their onboarding process by human resources. For employees who did not already have a savings account, the City also helped each department host an employee fair with local banks and credit unions where employees could open accounts and ask questions about banking options.

The BPL pilot took place in 2019 between August and October, while the BCYF pilot lasted from June to September. Over the course of each pilot, the BPL and BCYF saw increases of 16% and 24% of direct deposit splitting, respectively. These increases are comparable to results from similar pilots: one direct deposit splitting program from [America Saves](#), a saving campaign managed by the Consumer Federation of America, had a 17% participation rate among employees at a regional bank.<sup>1</sup>



## Six Key Evaluation Findings and Considerations for Future Pilots

Through survey and telephone interviews of pilot participants, including employees and pilot administrators, Commonwealth identified six key recommendations for running a successful split deposit pilot for city governments.

- 1. Evaluate the strengths and limitations of your payroll system for splitting deposits.** For example, can splitting be set up online, with paper forms, or both? How long does it take to process a request to split? Do employees get paid on a weekly or biweekly schedule? How many accounts can employees split their deposit between? Asking these questions early on will ensure the pilot is best suited to the system in place and anticipates potential obstacles for both employees and pilot administrators.
- 2. Prepare a multi-channel outreach plan that suits the ways employees already communicate.** Commonwealth learned over the course of the pilot that each department, and even each department location, had well-established ways of communicating information. For example, one library branch had a break room that was used to post new opportunities and programs available through the employer. Identifying these channels is particularly relevant for departments like BCYF where employees are not reliant on their email for work, making finding alternative outreach channels more crucial. Regardless of how outreach is tailored to the specific context, we found the most effective outreach to be in person. Having pilot organizers speak to participants directly helped address questions and better communicate how splitting their direct deposits could help them build emergency savings.
- 3. Involve key stakeholders early and often.** Developing and evaluating a split deposit pilot may rely on many pilot organizers. In this case, the Economic Mobility Lab, the OFE, multiple City departments, employees, Treasury, human resources staff, and partner financial institutions were all involved. Keeping all pilot organizers and stakeholders looped in from the start ensures buy-in remains consistent, collects the necessary information to assess the pilot, and keeps channels for feedback open throughout the process. Strong early buy-in also helps ensure constant communication.
- 4. Plan for data gathering.** The City determined whom to reach out to for data and which data points to collect early on, which helped pave the way for straightforward data collection. Example data points used in the evaluation of the City of Boston's pilot include how many employees were already splitting their direct deposits, how many employees joined or left the department over the course of the pilot, and how many employees were contacted through direct in-person outreach. Preemptively coordinating with the specific staff members who have access to these data points prevents any difficulty gathering them after the culmination of the pilot.

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*"I had been meaning to put money from every paycheck into a savings account, but never followed through. This program/promotion gave me the final push to finally make it happen."*

– Librarian since 2015, Boston Public Library

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*"The reason I signed up for this program—I think it's a good idea to put some money away for later on. You never know. It's also easy, you don't have to do anything. It goes automatically from payroll to account."*

– Special library assistant since 1980s, Boston Public Library

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*"I struggle here and there sometimes, but I'm trying to manage my money a little better. Just trying to manage better."*

– Staff Assistant since 2011, Boston Center for Youth and Families

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<sup>1</sup> We spoke to a representative at America Saves, who reported that one of their direct deposit splitting programs had 17% participation.



5. **Make the steps of the pilot as simple as possible.** Although most participants interviewed found the pilot to be straightforward, many also suggested ways to make it simpler, such as simplifying the language on the sign-up forms or minimizing the number of steps necessary for participants to collect their prize. Where possible, consider how to reduce the friction participants experience in their touchpoints with the pilot, while understanding that it may not be feasible to change certain citywide processes or forms for the sake of the pilot. For department administrators, the simpler the process, the fewer questions they thought they would have to answer and the more likely the forms would be correctly completed.
6. **Keep scaling in mind.** The ultimate goal of any pilot is to learn whether to scale an initiative and the best practices for doing so. Consider if and how each step to set up and run the pilot will scale to a larger population. Make sure that the right data points are collected to assess scalability. In this way, the pilot will best help prepare for developing and launching a scaled version in the future.

## Conclusion

Employers and city governments are increasingly looking for meaningful ways to support the financial security of their employees and citizens. A well-designed, low-cost emergency savings intervention like deposit splitting can help meet the needs of workers, setting them on the path towards financial resiliency and meeting their goals.

For more information on this pilot or setting up your own, contact Commonwealth at [info@buildcommonwealth.org](mailto:info@buildcommonwealth.org) or Kate Swain-Smith of Boston's Economic Mobility Lab at [katherine.swainsmith@boston.gov](mailto:katherine.swainsmith@boston.gov).

## Key Survey and Interview Findings

### Choosing Amount to Split:

*Most chose to split into their savings account an amount they knew they could safely afford, with a plan to increase it over time. Others chose an amount similar to other withdrawals they had taken out of their paycheck, such as home improvement loans accessed through their employer.*

### Average Amount Saved:

*With participants surveyed reporting splitting an average of \$67 into a savings account each week, participants are saving an average of \$3,463 per year.*

### Saving Goals:

*42% of survey respondents are saving for a specific goal or expense. Saving for a house, kids, travel, and emergencies were the most common reasons listed.*

### Satisfaction with Pilot:

*69% of those who responded to the survey were satisfied or very satisfied with the pilot.*

