

# Rise with the Raise: Findings From Early Pilots



At Commonwealth, we've been focused on opportunities created by the upcoming minimum wage increases. This brief describes learnings from 2 pilots we launched with employer partners in July 2017.

Nearly 19MM minimum wage workers across the country will receive annual raises of \$61.5 billion by 2022. Commonwealth is partnering with employers to ensure as many of these workers as possible can use these raises to build their financial security. Employee financial insecurity can often result in poor retention and productivity. Employers can build a more stable and productive workforce by facilitating financial security for their lower wage workers.

Commonwealth partnered with 2 San Francisco-based employers to pilot savings opportunities for their employees at the July 1 minimum wage increase. These pilots tested employee enrollment in automatic direct deposits into a savings account, IRA or savings pocket on a payroll card.

## Pilot Tests

### COMPANY A

A 20+ year old custodial services company with over 100 employees.

Commonwealth designed messaging collateral and simple enrollment forms to encourage savings behavior. The designs were based on interviews with the employees. The materials prompted minimum wage workers to use their wage increase to either 1) enroll in the company-matched SIMPLE IRA or 2) set-up automatic direct deposits into a savings account.

73 employees receiving a wage increase received the messaging.

### COMPANY B

A non-profit focused on transitioning adults who have experienced homelessness into viable employment.

The employer's payroll card partner, Community Financial Resources, offered a \$50 bonus to users who activated the card's savings account and enrolled in automatic savings deposits. Commonwealth developed a worksheet to get employees excited to save as well as a series of follow-up text messages to prompt enrollment.

31 employees receiving wage increase received the worksheet and text messages.

# Key Takeaways

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## **Minimum wage workers understand the value of savings.**

*When Company B's employees were asked "how would you feel if you had an extra \$100 saved?", most employees answered "secure" or "safe."*

2

## **Minimum wage workers are interested in saving their raise.**

*At Company B, 50% of employees expressed interest in opening a savings pocket and setting up the automatic savings feature. In the month following the pilot, Company B saw a 150% increase in employees opening new savings accounts.*

3

## **Minimum wage workers are focused on short-term savings even when offered an employer retirement savings match.**

*At Company A, 32% of employees who received messaging inquired about savings products. 13% of those who inquired set up automatic direct deposits into a savings account. 0% signed up for the 3% company-matched SIMPLE IRA.*

## **Low-barrier savings product access is limited.**

*50% of employees we interviewed at Company A did not have a savings account, citing high account minimums and maintenance fees. Only 14% of banks that Company A employees use offered low-barrier savings products (\$0 required opening deposit and monthly fees).*

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Over the next few years, minimum wage increases will go into effect across the country. Commonwealth is committed to working with employers to use the opportunity of these increases to improve their business by building employee financial security. If you are interested in testing pilot solutions or learning more, please email us at [info@buildcommonwealth.org](mailto:info@buildcommonwealth.org).