

SAVEYOURREFUND 2014:

SAVERS' STORIES

October 2014

It is well-known that tax time offers an important opportunity to save for many American households. Every year, 300 billion dollars flows in federal refunds, with over \$100 billion going to those living on \$50,000 or less in household income. For many families, tax time is one of the only times of the year that saving seems possible, and since 2007, Form 8888 has made it easy for tax filers to choose to save part of their return before it even hits their bank accounts. By using the form during the tax filing process, anyone due a refund can choose to direct his or her return into multiple accounts and/or purchase a United States Savings Bond.

Since 2013, SaveYourRefund, a nationwide tax-time savings promotion, has been building awareness of the opportunity to save at tax time. SaveYourRefund offers participants a chance to win a prize for saving at least \$50 of their refund in one of six qualified savings products. Combining the opportunity to win a prize with the opportune savings moment provided at tax time adds a sense of excitement and fun to the act of saving. Research from the Doorways to Dreams Fund (D2D Fund) has shown that winning is a powerful motivator for consumers to start and continue saving. Additionally, consumers who win prizes for saving are likely to continue to save, and many eventually cultivate a savings habit.¹

In 2014, participating SaveYourRefund savers collectively set aside more than \$2.6MM of their refunds. More than 2,000 entrants chose to save, with over 200 choosing to save their entire refund. While the cumulative impact is important for highlighting the power of incentives at tax time, equally as important are the stories of those savers. Many of the SaveYourRefund winners generously shared their stories with D2D. This paper highlights just a few of those stories.

1. Abbi, Sarika, Amanda Hahnel, and Joanna Smith-Ramani, "Building Financial Security Through Fun" Doorways to Dreams Fund, 2013, http://www.d2dfund.org/files/publications/D2D_SaveToWinNebraska_Web.pdf



Kia, Minnesota

Saving For: A Down Payment

“It's seeing my kids every day and wanting to give them a better life that constantly keeps me motivated.”

Using a portion of her tax refund, SaveYourRefund winner Kia purchased savings bonds for her two boys, Xavier and Jailen. “They are my motivation to save and work hard every day,” said Kia. She recognizes how vital it is to have a savings cushion her family can fall back on. “My life motto is to hope for the best, but prepare for the worst. And having some savings is what gives me a sense of stability and independence,” said Kia. She hopes to instill her vigilant saving habits in her first son, who is now 16. “And buying him a savings bond is one of the ways I'm trying to do that,” said Kia.

In addition to purchasing savings bonds for her children, Kia also saved \$5,000 of her tax refund! Since she decided to purchase a home for her family, Kia has been saving 75-80% of her tax refund every year to put it towards a down payment.

This paper was written and prepared by Melanie Kwon Duch and Megan Harrington.

SAVEYOURREFUND 2014

“ I didn't have a bank account, so I opened one up [at tax time]....now I try to save \$50 a week in it. ”

Raymond lives in East Providence, Rhode Island where until recently he worked in construction. His dream, though, is to become a pharmacist: he is currently saving up so that he can go back to his pharmaceutical internship, which he had to leave because he was strapped for funds. His newly-opened bank accounts and savings from his tax refund are helping him reach his goals. “As long as I don't see it and can't touch it, I'm pretty good at saving money!” he says.



Raymond, 27
East Providence, Rhode Island
Saving for: A Career Change



Lori
Rochester,
New York

*Saving for:
Daughter's
Summer
Camp*

“ I'm right at the border where I don't qualify for much assistance... but it is still a struggle from paycheck to paycheck. ”

Although it can sometimes be a struggle to pay the bills, Lori makes saving at tax time a priority. She loves splitting her tax refund into two parts because it helps her manage her money. “What I put in my checking account [helps me] pay my bills on time, and breathe a little easier,” she says. She also uses her savings account to set aside money for her daughter's future. This year, she is saving for her daughter's summer camp.



Justin & Michael
Baltimore, Maryland
Saving For: College Education

This tax season, Michael (pictured right) used \$50 of his tax refund to purchase a savings bond for Justin (pictured left), a nearly-13-year-old boy whom Michael has helped raise since Justin was small. Michael hopes to see Justin attend college, and having a pool of money to pay for tuition and school supplies will be essential. This was Michael's first savings bond purchase, and it inspired him to make a commitment to buy one savings bond every month to build Justin's college fund.

“ I want to leave behind a legacy. ”

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