



commonwealth

Building 529 Engagement through Integrated Emergency and Educational Savings The Savings Pocket

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The Pennsylvania Treasury Department is an independent state agency that serves as the custodian of more than \$150 billion in Commonwealth funds and is responsible for the receipt and deposit of state monies, investment management, and oversight of all withdrawals and deposits from state agencies. Treasury also administers several programs that financially empower Pennsylvanians, including the PA 529 College and Career Savings Program, Keystone Scholars, the PA ABLE Savings Program, and the state's unclaimed property program. To learn more, visit www.patreasury.gov.

Treasury did not receive financial support for this project from Commonwealth or BlackRock.



Flourish Fi is a financial technology company founded in Berkeley, California with a mission to empower people to build positive money habits and achieve financial security. Flourish Fi's customer engagement and financial wellness platform enables banks, credit unions, and fintechs to attract, engage and retain consumers. Flourish Fi licenses its SaaS platform to financial institutions across the Americas. Flourish Fi was given the global award, Inclusive Fintech 50, for driving financial inclusion and resilience among low-income households and businesses and is a Mastercard official partner on the Start Path and the Strive Community. Learn more at www.flourishfi.com.

**BlackRock's
Emergency
Savings
Initiative**

BlackRock announced a \$50 million philanthropic commitment to help millions of people living on low to moderate incomes gain access to and increase usage of proven savings strategies and tools – ultimately helping them establish an important safety net. The size and scale of the savings problem require the knowledge and expertise of established industry experts that are recognized leaders in savings research and interventions on an individual and corporate level. Led by its Social Impact team, BlackRock is partnering with innovative industry experts Common Cents Lab, Commonwealth, and the Financial Health Network to give the initiative a comprehensive and multilayered approach to address the savings crisis. Learn more at www.savingsproject.org.

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Executive Summary

This report summarizes the Savings Pocket pilot, a research project conducted by Commonwealth and our partner the Pennsylvania Treasury Department, utilizing the Flourish Savings app. For six months, Commonwealth sought to determine how adding an emergency savings component to the Pennsylvania 529 College and Career Savings Program (PA 529) could influence the behavior of potential savers.

Emergency savings are pivotal to financial security, though most people in the U.S. do not have enough savings to handle an emergency expense. Postsecondary education remains one of the most important tools for accessing and building wealth, yet it remains unattainable for many.

529 plans are tax-advantaged investment accounts designed to help families save for postsecondary education—yet very few families living on low to moderate incomes (LMI) currently use them. State officials charged with 529 plan administration understood the problem and created opportunities to extend education savings to more households. However, a key barrier remains: families require an accessible reserve of funds for financial emergencies in the intervening years. Withdrawals from 529s for nonqualified expenses (under which emergency expenses would fall) incur penalties and taxes, so these accounts are not ideal for short-term needs. With the Savings Pocket pilot, Commonwealth

sought to understand if offering an emergency savings account linked to a 529 plan would build participants' short-term financial security and encourage long-term educational savings, with the potential to scale this type of dual savings opportunity to impact a large segment of households earning LMI.

During the pilot, Commonwealth adapted the Flourish Savings app for Pennsylvania families to simultaneously save for emergencies and their child's future—to test the concept of 529 plans linked to emergency savings. Through the collection of robust data including quantitative savings data, app engagement data, and primary research, Commonwealth explored the viability of the Savings Pocket (emergency savings vehicle), if and how it impacted participants' savings behavior, their overall experience with the Flourish Savings app, and how similar solutions that link 529 savings with emergency savings can enable the 529s to work better for families living on low and moderate incomes.

Key Findings



Enabling Integrated 529 and Emergency Savings Accounts Can Help People Save and Encourage 529 Usage

Nearly 40% of 159 research participants invested money at least once into the Savings Pocket (emergency savings and/or 529s). The 58 participants who saved at least once saved an average of \$137 over the six months, for a total of almost \$8,000. Approximately 20% of participants reported opening a PA 529 account since the start of the pilot. In addition to building emergency savings, 15% of pilot participants saved a total of \$3,310 of their in-app liquid savings accounts into connected PA 529s. Savings behavior unrelated to participants' Savings Pocket accounts was also higher: participants reported doubling the total amount they had saved for educational expenses from the beginning to the end of the pilot. Almost 30% of the participants said the Savings Pocket helped them save more money for emergencies and education versus not having the app.



529-Linked Emergency Savings Fills an Important Gap for Potential Savers

Participants used the Savings Pocket differently—three distinct “savings personas” emerged for whom a 529-linked emergency savings account proved an attractive and impactful alternative to existing tools. The participants who benefited most included those who:

1. **Struggle to Save** and need a safety net to feel comfortable saving for long-term expenses;
2. Have saved in the past but **Need a Nudge** to get back to that practice; and/or
3. **Seeking a Savings Education** and want to learn more about emergency and educational savings.

Across all Savings Pocket participants, early evidence indicates that income was not a predictor of whether or not someone saved money—though the personas listed above saw the most benefit from the tool.



Most Pilot Participants Had a Positive Experience with the Savings Pocket

Monthly surveys indicated that more than 65% of participants reported having a “good” or “excellent” experience. Participants understood how to use the tool and how it worked, and 35% said they would want to continue to use the tool after the pilot's conclusion.



Savers Value Several Key Design Features in a 529-Linked Emergency Savings Account

Participants provided feedback and improvements for future designs of integrated 529 and emergency savings accounts.

Suggestions include:

- Connecting multiple 529s to one account;
- Customizing emergency savings amounts;
- Fast withdrawal; and
- Simple design.

Focusing on these features and improvements may attract and engage more people, and make integrated 529 and emergency savings accounts more beneficial for users.



We designed the Savings Pocket to test the hypothesis that families may be **more comfortable saving and engaging with 529 plans** if they could first, or simultaneously, save and readily access funds for emergencies without penalties or fees.

Introduction

Emergency savings are foundational to financial security, yet [37% of people in the U.S. report they would be unable to cover a \\$400 expense from savings](#). While accessing postsecondary education remains one of the most critical tools for building financial security over time, the rising expense of postsecondary education makes it difficult for many people to obtain it. One way to plan for these costs is by investing in a 529 plan, a tax-advantaged investment account designed to help families save for postsecondary education.

Participation in 529s nationally is extremely low for families living with low-to-moderate incomes (LMI) relative to families with higher incomes. According to a 2018 [Sallie Mae](#) report, families with incomes under \$35,000 save into 529 accounts at a 4% rate, compared to 17% for those making \$35,000 to \$100,000, and 37% for those making over \$100,000.

[Commonwealth's prior research](#) suggests that this gap is in some part impacted by the lack of liquidity associated with 529s, and that a tool like the Savings Pocket could play a role in closing that gap—potentially making it easier for millions of Americans to access a resource that has already helped others save and plan for their educational and financial futures. With this understanding, we embarked on a pilot with key partners

to better explore and address low participation in 529s among LMI households.

The Savings Pocket pilot, run in partnership with the Pennsylvania Treasury Department and the Flourish Savings app, developed and tested a tool designed to help families save for emergencies and long-term educational savings.

We designed the pilot to test the hypothesis that **families may be more comfortable saving and engaging with 529 plans if they could first, or simultaneously, save and access funds for emergencies without penalties or taxes**. Under the current federal 529 regulations set in the Internal Revenue Code, account holders will likely be required to pay federal income tax with a 10% penalty on any earnings, and may owe state taxes as well, if they withdraw money from a 529 for any non-qualified expense. No 529 plans currently offer a liquid savings component, as any other savings is subjected to the same fees, tax regulations, and qualified expenses. We designed the Savings Pocket as an attachment to the 529, to consolidate both short- and long-term savings and make for a more accessible and appealing process for families that need quick and free access to emergency savings.

The Why and How of the Savings Pocket

DESIGNING THE SAVINGS POCKET

Commonwealth did an initial survey with Pennsylvania parents, which showed that 40% of parents would be more likely to open and/or engage with a 529 plan if it had an emergency savings component attached—Commonwealth began to test this insight. We designed a prototype of the Savings Pocket informed by interviews with parents, feedback from experts and 529 stakeholders, and a landscape review of 529s conducted with Brandeis University’s Institute for Economic and Racial Equity.

Commonwealth turned to a previous partner, Flourish Fi—an organization committed to savings and financial security—to turn the prototype into a reality. Flourish Fi’s existing savings app had a built-in liquid savings account, and our proposed design required slight modifications to an existing Flourish Savings App to facilitate parents’ savings.

Additional information on the research and process behind the creation and design of the Savings Pocket can be found in [529 Account Plans and Emergency Savings](#), an earlier report on the pilot.

Savings Pocket Features

The Savings Pocket allows participants to save for emergencies and educational expenses through one mobile app. After registering for the Flourish Savings app with basic information (name, phone number, email address, and address) the app automatically set up a bank account for participants through a financial institution. To save money in the Flourish Savings app, participants connected a “Funding Account”: an account from any bank they could use to deposit money via the Flourish Savings app (almost all participants connected accounts they already had). These accounts were connected through Plaid, allowing participants to connect accounts with all major banks and many smaller financial institutions.

Participants could connect a Pennsylvania 529 College and Career Savings Program account (PA 529) directly to the Flourish Savings app. If they didn’t have a PA 529, they could open one by following the instructions in the Flourish Savings app and visiting the PA 529 website.

Participants with both accounts could transfer money into the in-app liquid savings account from their funding account or liquid savings account to a connected PA 529, either manually or through automatic deposits scheduled at a cadence of their choosing (“auto-save”). Participants could also move money from their Savings Pocket to their funding account whenever they wanted.

Participants could set a Savings Goal—a target liquid savings balance that triggers automatic deposits to their PA 529 (parents could choose \$100, \$250, \$500, or \$1,000). This feature allowed participants to create a system to safely and quickly access a certain amount of liquid savings while saving automatically into their PA 529. Participants could check the balance of their liquid savings account and their connected PA 529 from the app.

For more information on the Savings Pocket itself, participants accessed: an [explainer video](#) on the tool concept and functionality, an in-depth [how-to video](#) to guide participants through getting started and using the app, and a [landing page](#) with descriptions, FAQs, and more information meant to support participants’ understanding and experience.

The Savings Pocket Pilot

The Savings Pocket pilot ran for six months from the final week of April 2023 until the end of October 2023. When it ended, families had the choice to either withdraw their money back into their funding account or transfer the money into a connected PA 529.

METHODOLOGY

To measure impact, Commonwealth tracked direct data from the Savings Pocket: accounts connected (funding accounts and PA 529s), engagement metrics (log-ins, emergency saving goals, auto-save rules set), and savings into both accounts (transactions, amounts saved, money withdrawn). In addition to Savings Pocket data, Commonwealth conducted research directly with 159 participants, through five monthly “pulse” surveys and 20 interviews with select participants at two different moments throughout the pilot. Families were given electronic gift cards provided by Commonwealth as incentives for completing research activities.¹

¹ Pennsylvania Treasury Department provided no funding for nor had any role in supplying these electronic gift cards.

Key Findings

The Savings Pocket Helped Participants Save Money and Open PA 529s

As a result of the pilot, we observed a shift in savings psychology, an increase in savings behavior, and new 529s opened. While the Savings Pocket was not the primary savings tool, participants saved \$7,926 in the liquid accounts, of which \$3,310 was saved into 529s.

HOW PARTICIPANTS USED THE SAVINGS POCKET

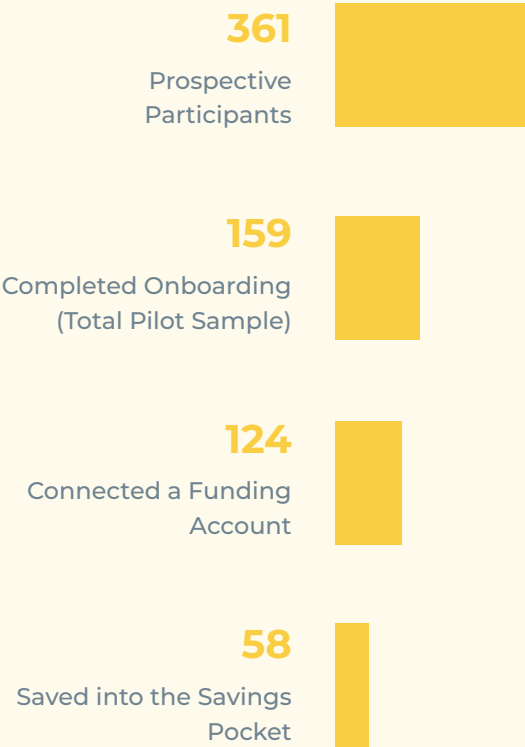
As a pilot, Commonwealth onboarded participants to test the concept, understand the feasibility, and measure participant interest and use of the Savings Pocket. We had 361 prospective participants and 159 completed the onboarding process. Of the 159 participants who created an account in the Savings Pocket, 78% (124) successfully connected their funding account to the Savings Pocket (the action required to save money in the Savings Pocket). As expected, most of these connections happened during the pilot launch’s first few months.

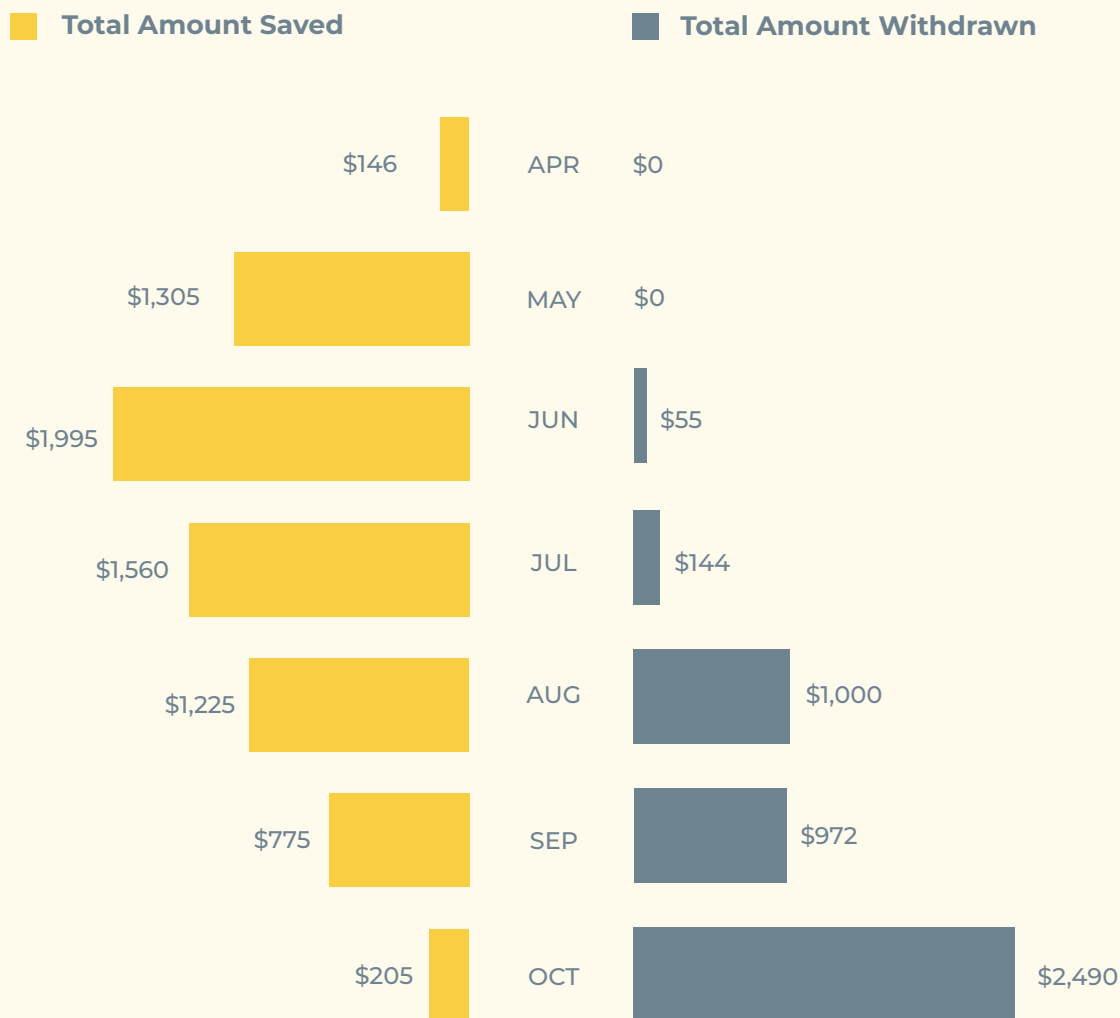
Overall, 47% (58) of the 124 people who connected a funding account saved at least once into their Savings Pocket during the pilot. The average user made 4.8 savings deposits, saving an average of \$29 per transaction. Of the people who made a deposit at least once, the average amount saved per person was \$139. Overall, \$7,926 was saved into participants’ Savings Pockets throughout the pilot.

Savings into the Savings Pocket were also consistent in amount throughout the entire pilot. In the first full month of the pilot, participants saved a total of \$1,305 and continued to save each month at a similar rate as the pilot continued. Yet, most savers didn’t use the Savings Pocket as their primary emergency savings vehicle. In interviews, participants already had a savings account which they used to build emergency savings. However, those who did not already save found the Savings Pocket as a way to begin saving for the first time.

Participants did not withdraw any money in the first two months, and participants only withdrew a total of \$199 in June and July. Commonwealth informed all participants at the start that the pilot would end in October; a reminder 30 days before the pilot end date led to an immediate uptick in withdrawals.

Number of Pilot Participant Based on Activity





Though some participants decided to move their remaining funds into their connected PA 529, 21% of all participants (33) —including those who hadn't connected a PA 529— withdrew their money before the pilot's conclusion.

Of the 124 who connected a funding account to the Savings Pocket, slightly more than half connected a PA 529. On average, participants who saved into their PA 529 saved 2.6 times during the pilot at an average of \$53 per transaction, for a total of \$3,310 deposited into PA 529s during the pilot.

One of the features critical to the intended functionality of the Savings Pocket is the option to “auto-save,” allowing

participants to create rules for saving both from their funding accounts into their liquid savings accounts, and from their liquid savings accounts into connected PA 529s. Participants could choose to automatically save daily, weekly, bi-weekly, or monthly. If participants set up a rule for automatically saving into their PA 529, they were prompted to create a Savings Goal. The Savings Goal represented the minimum liquid savings balance required for automatic deposits into the connected PA 529, facilitating a system for participants to automatically save for the long term and access their savings to respond to financial emergencies.

Over a quarter of those who saved into their Savings Pocket set a Savings Goal during the pilot. Of the 24 people who saved into a connected PA 529, 42% (10) used the auto-save feature. The average auto-save amount was \$28 for liquid savings accounts and \$35 for the connected PA 529s.

There are a few factors that likely prevented increased utilization of the auto-save feature:

- 1. Participants' lack of comfort committing to savings due to financial volatility, some participants being unaware of or unable to understand the function; and
- 2. The fact that the Savings Pocket was not most participants' primary savings vehicle.

Unlike contributions into participants' liquid savings accounts, which were relatively consistent throughout the pilot, deposits into participants' connected PA 529s increased as the pilot progressed. **This aligns with how the tool was intended to be used; people wanted to have some savings in their liquid account before saving into their PA 529.**

One participant, a parent who had a PA 529 before the pilot but hadn't been saving into it, spoke specifically about this mental accounting: "It was a good way to take care of the savings first, and then once that's taken

care of, you can kind of move on to what you prioritize in the secondary role such as college savings." Another participant, speaking about how and why they utilized the auto savings and Savings Goal features said, "That's why I set my savings goal and put it in there—even if it's money I don't see. The best case scenario is I don't need it, worst case scenario I do." After participants had enough time to build emergency savings, they could move additional savings into the 529.

The six-month pilot delivered a small snapshot into the savings practices of participants provided with various options and tools. We believe if we extended the pilot, money saved into PA 529s would have continued to increase.

The pilot's closure impacted the timing of money moving into connected PA 529s. After Commonwealth notified participants that the pilot was closing in thirty days, there was an immediate increase in PA 529 deposits: \$1,400 was deposited in September, nearly three times more than in any other pilot month. Participants decided to move the money saved into their PA 529s rather than withdraw it back into their funding accounts.

“

It was a good way to take care of the savings first, and then once that's taken care of, you can kind of move on to what you prioritize in the secondary role such as college savings.”

-Pilot Participant



THE SAVINGS POCKET AND SAVINGS BEHAVIOR

The Savings Pocket helped participants save money. In addition to analyzing the data provided through the app, we surveyed all 159 participants about their savings behavior.

53% of participants reported increased savings behavior during at least one month of the pilot and 6% said their savings increased all six months.

One parent who had difficulty saving before using the Savings Pocket said “It’s helped me achieve some goals.” Based on the final survey, 27% of participants reported that the Savings Pocket helped them save more money than they would have without it.

Specifically, the Savings Pocket helped people save for emergencies. In addition to the nearly \$8,000 saved cumulatively into the Savings Pocket pilot, participants reported that they started saving for emergencies because of the pilot. It also helped people save for education, with 20% of participants reporting they started saving for education during the pilot.

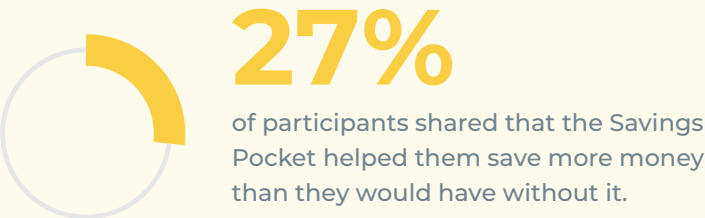
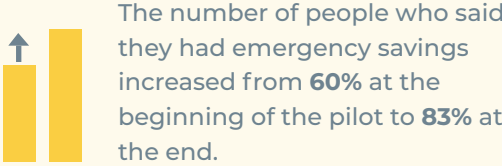
Having dedicated emergency savings may contribute to the likelihood that a participant would save for long-term educational expenses. One parent highlighted how emergency savings impacted educational savings, saying, “Just being able to set it aside in the Savings Pocket

helped me keep it there instead of using it—and I noticed I put more into the 529 just because I knew I had more on the side.”

In addition to the \$3,310 deposited into PA 529s, our findings suggest people also saved for education outside the app at a considerable rate. Survey participants reported saving for education, regardless of a 529 account, throughout the pilot period. Participants self-reported doubling the overall amount they initially invested in the 529s by the end of the pilot (from a median amount of \$2,500 at the beginning of the pilot to \$5,000 by the pilot’s conclusion).

In addition to the tangible impact of increased savings, the Savings Pocket helped change attitudes around saving. One parent said, “It helped me to consider the concept of having a separate account just for savings that I could tap into when I need to. That’s been a change in my mentality for emergency savings.”

Another parent who hadn’t engaged much with educational savings before the pilot said, “For college savings, it’s gotten me thinking more about being more frugal or perhaps finding other ways to save more for college given the increasing costs.”



“For college savings, it’s definitely gotten me thinking more about being more frugal or perhaps finding other ways to save more for college given the increasing costs.”

-Pilot participant

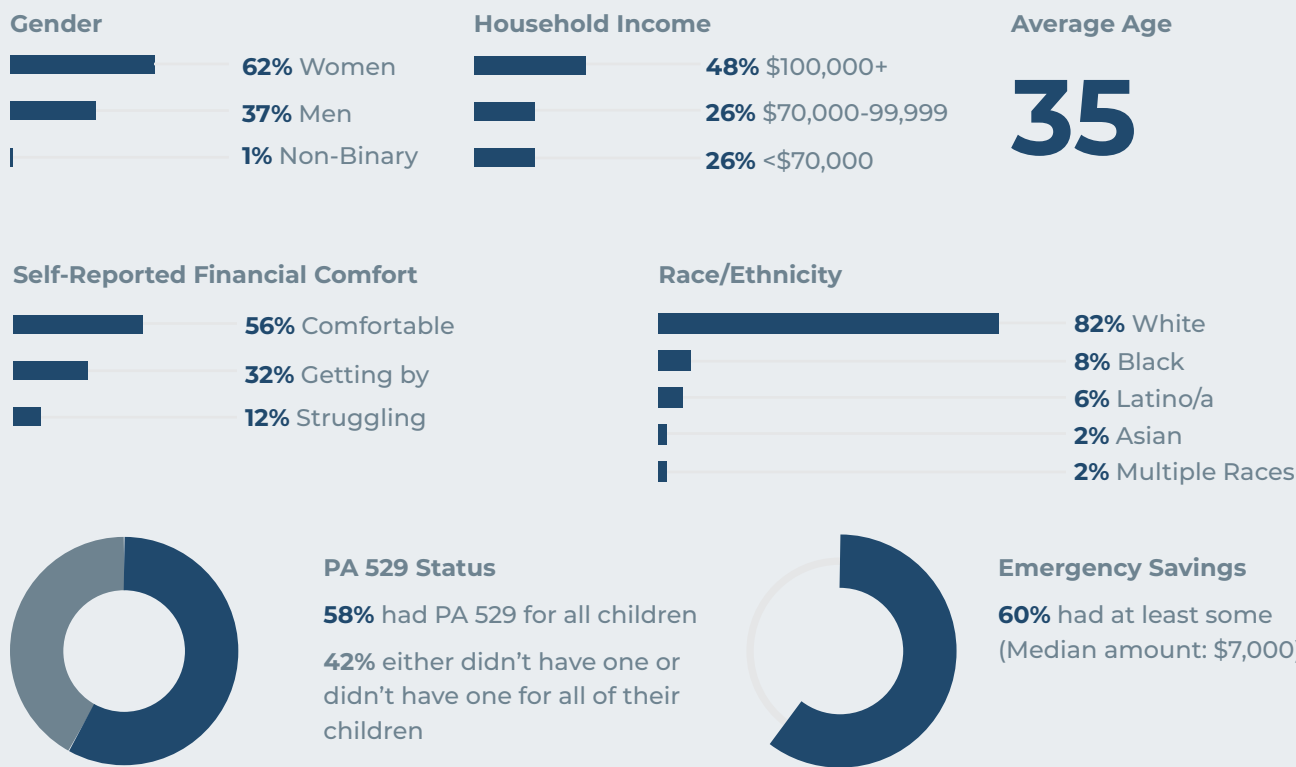
529-Linked Emergency Savings Fills an Important Gap for Potential Savers

Our primary goal was to learn from families living on low-to-moderate incomes without a PA 529 to understand savings behaviors and how families might utilize a tool like the Savings Pocket to access other long-term saving alternatives like 529s.

With a limited number of families living on LMI engaged at initial outreach, we expanded the pilot recruitment to include families living on all incomes and people with existing PA 529 accounts. In extending the pilot eligibility,

the participant pool skewed towards people with moderate-to-high incomes and higher levels of savings. Engagement and savings numbers were consistent across all income levels - those with lower and higher incomes used the tool at statistically similar rates. Additionally, we identified a group of participants who used the Savings Pocket regularly as their primary savings vehicle—participants who benefitted the most from a tool like the Savings Pocket. Through quantitative data and interviews with those who used the tool regularly, we discovered three main “savings personas” and learned why the Savings Pocket worked so well for them.

Savings Pocket Pilot Participants



Use of the Savings Pocket Reflects Savings Personalities



Struggle to Save

The pilot was the most beneficial for participants who wanted to save money for their children’s education but couldn’t, due to limited financial resources making it difficult to “lock up” funds for long-term expenses. These participants were the ideal demographic for the conceptualization and development of the Savings Pocket.

The participants who struggled to save expressed the benefits of accessing emergency savings.



I think it’s a nice program for parents—especially having something to fall back on just in case you need the funds. It helps people put in a little at a time. It’s a nice feature to have a little protection there,” said one parent.

Another spoke about the short-term expenses they were most worried about: “I’m a new homeowner and my deductible for my home insurance is \$2,000, so if I could have a \$2,000 window for extreme emergencies to meet that deductible, anything else could go to the 529 and I would be comfortable with that.”

These ideas of “protection” and “comfort” were reinforced throughout the interviews. For these participants, the Savings Pocket allowed them to feel more confident in the money they were saving, considering it an investment in their children’s future and a safety net to handle emergency expenses. Another parent said, “I love the idea of it. As a single parent, it helps with the anxiety of saving. To know that I could take that money out and fix the house and theoretically still be saving for [my son’s] future schooling while at the same time being able to access the funds.”

Another reason people struggled to save is that they hadn’t developed a savings habit or successfully saved before. The analysis showed that, while 60% of the participants already had some emergency savings when the pilot began, 83% had emergency savings by the time it ended—meaning about half of the people without any emergency savings were able to start building through participation in the pilot. One participant, in thinking about their situation and that of their peers said,



I don’t think enough people are saving or have emergency savings set up to even think about college, so it’s a good start to it, for sure.”

Another said, “It fills a nice niche in savings for college education, especially for people who are struggling to save.”



Need a Nudge

We also heard from parents who had a desire to save—including some who had even started saving—but were faced with competing priorities and were looking for a nudge to encourage them to restart the practice. One parent shared:



It put me on a path to thinking about saving and saving for education. It pushed me over the edge.”

Some participants valued the app itself—having it at their disposal was enough to influence behavior, encouraging them to save more regularly, with one parent sharing:



It was a reminder...having the app on my phone was like an ‘Oh yeah, maybe I should put 20 bucks there,’ whereas before it was like as long as I get something in there before the end of the year.”

Another, who initially opened a 529 when their child was born but hadn’t saved into it, said something similar:



[The money I’ve put into] the 529, I would not have necessarily put in without this app [because] I would have found other things to do with the money and been like ‘Oh, we’ll get her next year.’”





Seeking Savings Education

Other Savings Pocket participants welcomed the exposure and engagement with a tool to support emergency and/or educational savings. 27% of participants reported they liked learning how to save for emergencies and education through the Savings Pocket. One parent, a first-generation immigrant, said the primary reason for her signing up for the Savings Pocket was to learn more about educational savings:



I don't have that past family knowledge on how to do things because I'm a foreigner, so I try to educate myself, and the Savings Pocket was a way to do that."

Another parent, thinking both about their own experience and how he sees the Savings Pocket as a future benefit to others said,



It's a good idea. I think it has a lot of value to have this kind of thing, especially when you don't know how to save. For people that don't see the benefit [of a 529], this is an avenue to possibly get them involved in it."

While the Savings Pocket proved beneficial for some participants, there were participants unlikely to use an app like the Savings Pocket. While 27% of people self-reported that the Savings Pocket helped them save more money than they would have without it, 50% said it didn't change how they saved. One parent with an existing PA 529 and regular savings habit in the 529 and for emergencies said, "I don't see a need for the Savings Pocket at all." Another, lamenting at how the money saved in the Savings Pocket didn't earn interest, asked "I didn't make any money—so what is the hook for me?"

Overall, the data from the pilot demonstrates the benefits of a product that links educational and emergency savings, fills a gap in current financial tools, and meets different types of savers where they are with their own savings needs and goals.





Most Pilot Participants Had a Positive Experience with the Savings Pocket

Overall, Savings Pocket participants reported having a positive experience with the app. Every pulse survey asked about participant experience—on a scale of excellent, good, fair, poor, or very poor. The percentage of survey participants reporting a good or excellent experience never fell below 65%, with the vast majority reporting a positive experience with the app.

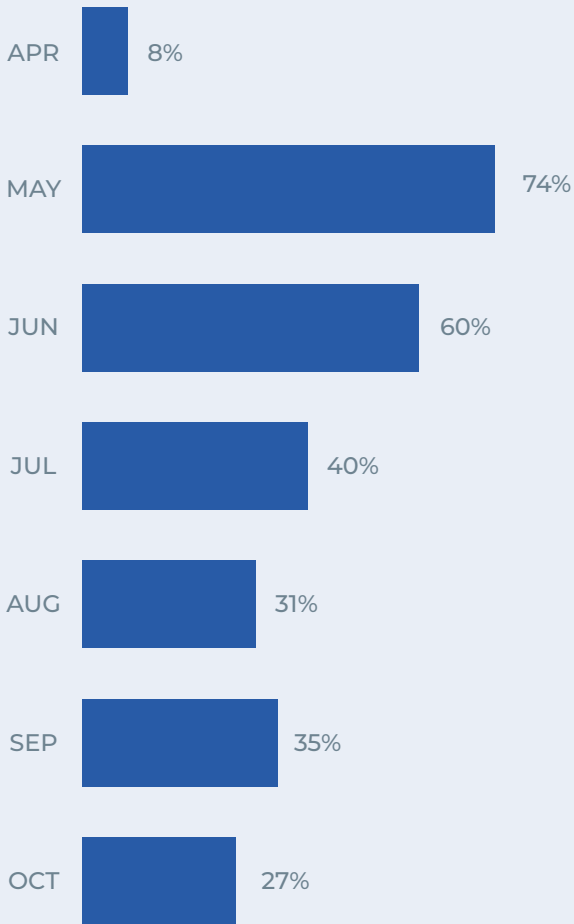
At the start of the pilot, there was a high percentage of people logging in, with this tapering off as the pilot progressed and participants deciding whether or not to make the app part of their financial routine.

People understood the Savings Pocket app, how it worked, and how it was designed to be used. We asked participants how easy it was to understand how the app worked on a scale of 1-10, with participants reporting an average score of seven.

These scores align with what we learned through the interviews. One parent shared their impression of the Savings Pocket: “I think of it as an emergency savings fund that—in the case of not having an emergency —would get funneled into the best kind of savings, which is savings for my son. In that way, it has added another layer of thinking about emergency savings”.

At the end of the pilot, 35% of participants reported that they would have continued using the app if it were available regardless of research incentives to participate.

Percent of Individual User Log-ins



How to Design a 529-Linked Emergency Savings Account for Maximum Impact

In addition to understanding the impact of the Savings Pocket, these findings provide valuable insights to inform the development of an enhanced version of the pilot Savings Pocket. Like with any Minimum Viable Product², some features didn’t meet expectations and others worked better than expected. Additionally, there were unforeseen technological challenges that likely affected participants’ experience. Through participant feedback, we learned what worked, what didn’t, and what they would have liked to see—providing a better understanding of a future tool with similar savings opportunities.

FEATURE / CHARACTERISTIC	FINDINGS - WHAT WE LEARNED	DESIGN RECOMMENDATION
Concept	The overall concept of the tool—saving money for emergencies and then transitioning some of those savings to long-term—resonated with most participants. They understood how it worked, and the hypothesis that this type of saving could decrease anxiety and lead to additional savings was validated through participants’ experiences.	Learning materials helped ensure the concept could be understood by as many people as possible: an explainer video, a how-to video, and accessible definitions and FAQs. Similar attention should be paid to such resources in future iterations, as it had an impact on participants’ understanding.
Mobile Accessibility	The majority of participants appreciated the ability to transact and view one’s 529 balance through their mobile device, with 38% of participants considering this a favorite app feature.	529-Linked Emergency Savings Accounts work best as a mobile app—and users should be able to view the balances of all connected accounts easily and quickly on their phones.
Ease of Use	Simplicity came up in most interviews; people appreciated that the app was simple and easy to use. While many people utilized the learning materials we created, we also heard from some that the onboarding was straightforward and they understood how to operate the Savings Pocket. One parent said “Grandma can use it without any kind of in-depth technical knowledge.”	Participants cited the helpful onboarding process as an important element to the app’s simplicity. It should be easy for users to create accounts, connect accounts, and save within the app. Additionally, terminology across the app should be consistent to avoid confusion. The user journey—from start to finish—should be as straightforward as possible.

² A minimum viable product is a version of a product with just enough features to be usable by early customers who can then provide feedback for future product development.

FEATURE / CHARACTERISTIC

FINDINGS - WHAT WE LEARNED

DESIGN RECOMMENDATION

Withdrawal Speed

Participants were pleasantly surprised by how quickly their funds were available in their funding account after withdrawing (normally the next day).

Given the nature of the tool, being able to access money quickly in case of an emergency is a vital component for future iterations.

Auto-Save

Of the participants, 24% selected the auto-save feature as one of their favorite features of the app, and we also heard this in interviews: “My favorite thing is the simplicity of it from a user standpoint and a parent standpoint. It’s one app—set it once and it automatically takes care of saving money for my kid’s education. I don’t have to worry about it.”

Any version of a 529-Linked Emergency Savings Account should have an auto-save feature as an option for transactions both into the pocket itself and into a connected 529. Participants want the ability to “set it and forget it,” and it is a vital component of what makes the Savings Pocket attractive to potential users.

Gamification

The Savings Pocket app had an encouraging and celebratory atmosphere. Participants could set goals and were celebrated for reaching milestones. As one parent put it, “I like the gamification of the savings and the goals and the way it feels. It feels more fun than anything else that I’ve used.”

The gamification aspect of the app is positive, but attention should be paid to striking a balance between “fun” and “childish”—another word we heard come up in reference to both the games and the general look and feel of the app.

Customization

For both simplicity and to help ground participants’ decisions, we gave participants four options for their savings goal: \$100, \$250, \$500, and \$1,000. Participants shared that these options were too limiting and they wanted the ability to choose their own number.

While it was helpful for some participants to have savings goal options, budgets and types of emergencies vary. Participants should have the ability to customize all savings goals.

FEATURE / CHARACTERISTIC	FINDINGS - WHAT WE LEARNED	DESIGN RECOMMENDATION
Multiple Accounts	Participants cited the desire for a feature that enabled the connection of multiple PA 529 accounts to one Savings Pocket account. Many participants had more than one child and multiple 529s. The fact that they couldn't save into both of them and view both balances without creating new accounts hurts experiences and, in some cases, was a strong deterrent.	The ability to connect multiple 529s to one emergency savings account should be incorporated. This functionality is technologically possible, but limited time and resources precluded the development of this aspect for the pilot. In future iterations, the ability to connect multiple 529s to a linked emergency savings account should be viewed as a design requirement.
Interest / Rewards	One participant said that people who saved into the Savings Pocket “are losing out on their ability to make more money than just a small percent on an interest.” We didn’t hear this feedback from many participants, but highlights the need to optimize participant benefits.	Future tools should strive to have “pockets” as interest-yielding savings accounts. This would further incentivize potential savers to utilize a pocket as their primary short-term savings vehicle and further benefit them financially.
Education	Some participants joined the pilot to learn more about emergency and/or educational savings. One parent said “I feel like I would appreciate more financial education in the app. It felt like the beginnings of that—and I don’t know if that’s the role of the app—but it could be useful. Emails about benefits of savings, college emails, things like that packaged with notification emails.”	Future iterations of this tool could explore how to incorporate more financial education, as an optional component. Given that the target personas skew towards people who either haven't had much experience or success with saving, education coincides well with tool accessibility.



Conclusion & Looking Ahead

Commonwealth’s partnership with the Pennsylvania Treasury Department and Flourish Fi to facilitate the Savings Pocket pilot answered many of our initial questions: Is the Savings Pocket a viable option? How does it impact participants’ savings behavior, particularly with saving for postsecondary education through a 529 account? What is the overall experience with the app, and how could a similar app be optimally designed in the future? Through the Savings Pocket pilot, we learned:

Integrated 529 and Emergency Savings Accounts Help People Save

More than a quarter of participants saved more with the Savings Pocket than they would have without it—for both short- and long-term expenses. Participants’ savings grew through the app and in connected PA 529s, with educational savings outside of the Savings Pocket also rising. Additionally, Savings Pocket participants opened PA 529s because they engaged with the tool, and many wanted continued access to the Savings Pocket once the pilot ended.

Different Savings Personas Benefit from 529-Linked Emergency Savings Accounts

Our analysis shows that some people would be more likely to save for emergencies and education if they had access to a tool like the Savings Pocket. For this group, combining the security of short-term emergency savings

with the upside of dedicated, tax-advantaged educational savings into one account increased the motivation to move money into the Savings Pocket. Data from the pilot confirms that there are multiple saving personas for whom the Savings Pocket meets a need. It helped some participants start saving, gave others the nudge they needed to continue saving, and helped others engage deeper with savings. The small and expanded participant pool may not have been composed entirely of the target market but provided valuable insight to how a tool like the Savings Pocket accommodates varying needs and savings practices, regardless of income.

529-Linked Emergency Savings Accounts Can Be Designed for Maximum Impact

Building a well-functioning 529-linked emergency savings tool requires resources and partnerships. With those in place, we built and tested a tool to provide participants with access and flexibility around building emergency and educational savings efficiently. Even with the Minimum Viable Product² version of the Savings Pocket, over a third of the pilot’s participants reported interest in continued Savings Pocket access following the end of the pilot.

The pilot showed the critical importance of meeting potential savers where they are and accommodating various savings personas. Our learnings can inform more inclusive financial solutions via the following recommendations:

INCORPORATE A 529-LINKED EMERGENCY SAVINGS ACCOUNT INTO EXISTING 529 PLANS

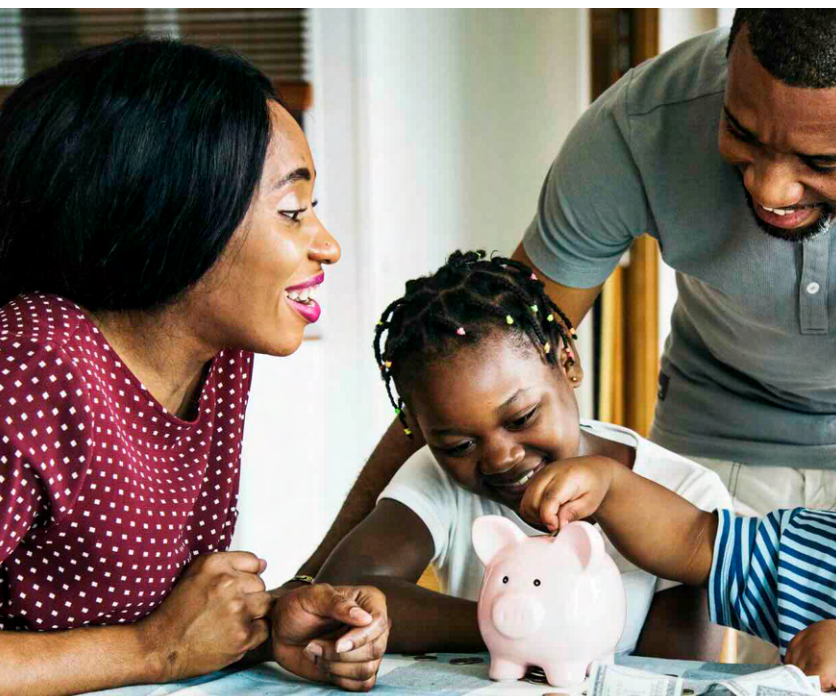
529 plan administrators are critical partners in developing and implementing plan modifications and additions that lead to more accessibility and flexibility for all savers. The Savings Pocket wasn't a plan modification—it existed outside of and in conjunction with the PA 529, leading to more engagement. Our analysis suggests a Savings Pocket or similar tool could influence the savings practices of families regardless of income level. Short of adding a Savings Pocket, there are elements from the pilot that proved useful in helping people save: gamification, savings goals, and easy access to account balances via mobile devices. Our analysis revealed that apps for easy access to 529s can lead to increased and/or enhanced engagement with the plans. While some 529 apps exist, there is an opportunity to provide them more widely, and with increased functionality; adding features similar to those participants found valuable in this pilot.

BUILDING IMPROVED 529-LINKED EMERGENCY SAVINGS ACCOUNTS

In partnership with innovative states and plan administrators, it is possible to build an app or product outside the environment of the 529 plan that still allows people to save for emergencies or education. Several organizations are working on third-party apps that help facilitate, gamify, and improve saving into a 529. This pilot demonstrates how a linked emergency savings account could become a product accessible at scale as an add-on to 529s nationally.

TAKING ACTION ON POLICY

While third-party tools and design innovations from plan administrators can connect emergency savings accounts with existing 529s, **policy can encourage emergency savings accounts integration with 529 plans, enabling the broader use of 529 plans by families living on low-to-moderate income and those building short-term financial security.** The Savings Pocket pilot provides valuable insight from a real-time demonstration and complements existing administrative data to inform policy discussions and reforms similar to SECURE 2.0 provisions to retirement plans that allow for emergency savings as part of retirement savings. Allowing up to \$1,000 penalty-free withdrawals from 529s would give families access to emergency savings without new infrastructure.



Commonwealth is committed to supporting other organizations exploring potential strategies that could make sense for them and/or benefit their constituents. Commonwealth welcomes additional ideas, partnerships, and pathways to help expand this work. We hope that the 529 savings space, and the educational and/or emergency savings landscape, can use these learnings to make financial security and opportunity more prevalent. Reach out to us directly at info@buildcommonwealth.org to learn more and partner together.



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