

A Foundation for Long-Term Security

How Emergency Savings Strengthens Retirement Outcomes



For the first time, a comprehensive set of research, real-world data, and employer experience has been brought together to demonstrate a clear and compelling conclusion: emergency savings is a critical driver of retirement security. This synthesis, led by The BlackRock Foundation and Commonwealth through BlackRock's Emergency Savings Initiative ("ESI"), consolidates years of evidence into a single, unified view of how short-term financial resilience shapes long-term outcomes.

Across research and case studies, the findings from our work consistently point in the same direction: workers with even modest emergency savings are more likely to participate in retirement plans, contribute at higher rates, and avoid early withdrawals that erode long-term wealth. The implication is straightforward but powerful: improving near-term financial stability can materially strengthen retirement readiness at scale.

This comes at a pivotal moment. [54% of employees living on low and moderate incomes \(LMI\)](#)—defined as those earning under \$75,000 in household income annually—surveyed in a 2022 survey agree that employers should provide access to emergency savings. Despite the clear demand, only [9% of employees surveyed in 2025 by Commonwealth](#) reported having access to emergency savings programs through their workplace. Further, as traditional pensions have declined and individuals shoulder greater responsibility for their financial futures, gaps in short-term savings are increasingly undermining long-term security. Emergency savings is no longer a peripheral benefit—it is emerging as a foundational pillar of a modern, more resilient retirement system.

What is the Emergency Savings Initiative?

In 2019, BlackRock launched ESI to accelerate action and unlock the full potential of emergency savings to improve financial security. ESI is a philanthropic effort led in partnership with Commonwealth and other innovative nonprofits, focused on partnering with leading financial services providers and employers to build effective emergency savings solutions for employees living on LMI. Since its launch, ESI has supported extensive research, real-world pilots, and data-driven insights to help organizations design and scale programs that meet employees' needs—reaching more than 10 million people and helping generate over \$2 billion in liquid savings.

Efforts like ESI have contributed to growing awareness and alignment among employers, policymakers, financial institutions, and the retirement industry that emergency savings programs benefit employees. Critically, when these programs are intentionally designed for LMI populations, they can reach those with the greatest need, supporting a large and vulnerable segment of the workforce.

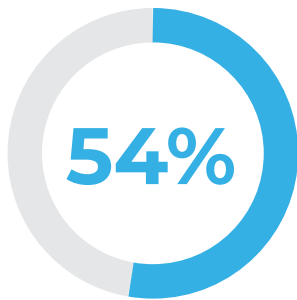
The Impact of Emergency Savings

A Win-Win for Companies and Workers Alike

Families across the U.S. often experience unpredictable month-to-month cash flow “[spikes and dips](#)” that make short-term expenses hard to cover. Nearly 40% of Americans cannot cover a [\\$400 emergency expense](#). Without accessible emergency savings, many respond by tapping their retirement savings through loans or hardship withdrawals, undermining their long-term financial security. The costs extend to employers, too: financial stress drives turnover, absenteeism, and reduced focus at work, costing an estimated [\\$183 billion each year in lost productivity](#).

It’s clear that emergency savings is both a [fundamental need](#) and a powerful lever. Recordkeeper research has shown it is the [single strongest predictor of financial well-being](#)—with a greater impact on financial security than [discretionary income](#). Even modest balances make a measurable difference: having just \$2,000 in emergency savings can improve employees’ financial wellness by [more than 20%](#).

Workers aren’t just aware of the gap—they’re asking employers to help close it. [84% of employees surveyed in a 2025 survey by Morgan Stanley believe their employers should more actively assist them with their financial issues](#). The connection between these benefits and positive social, financial, and health outcomes is well-documented. When workers have emergency savings, their households, families, and communities benefit: they are more [resilient](#) in times of hardship, [enjoy improved financial wellbeing](#), are better able to save for long-term goals such as retirement or education, and feel more confident in their financial future. Employers, in turn, gain from higher productivity, lower absenteeism, and stronger retention.



of employees with low and moderate incomes **agreed employers should help with emergency savings**.

When emergency savings programs are designed to address workers’ financial needs, they:



Increase retirement savings



Reduce leakage



Contribute to greater workforce satisfaction and retention

What the Research Shows

More than seven years of research and innovation from ESI and its partners demonstrate emergency savings programs create meaningful benefits for both employees and employers—having a strong, positive impact on retirement participation and reducing account leakage, or early withdrawals of retirement savings.

Here's what we know from the data:



EMERGENCY SAVINGS BOOSTS RETIREMENT SAVINGS PARTICIPATION

One study jointly conducted by Commonwealth and the Defined Contribution Institutional Investment Association Retirement Research Center (DCIIRA RRC) in 2022 found that those with emergency savings are [70% more likely](#) to contribute to a defined contribution plan. In another study analyzing data from October 2020, [Voya found implementing emergency savings programs led to a 51% increase in retirement savings among participants in its emergency savings program.](#)

Both ESI employer partners and non-ESI partners saw positive results. At UPS, employees who increased their after-tax (emergency savings) contribution rate [were about twice as likely](#) to also have increased their pre-tax (retirement savings) contribution rate than those who made no changes. At AutoNation, where more than 500 employees saved nearly [\\$1.5 million](#) through both the Voya 401(k) in-plan after-tax Account and out-of-plan Wisely solutions, those that had emergency savings (in-plan after-tax accounts) were more likely to positively change their pre-tax retirement contributions compared to those without emergency savings.

Similarly, Delta Airlines observed [enrolled participants were over twice as likely to increase their 401\(k\) deferrals](#): 23% of employees who completed the program increased their 401(k) contribution percentage, as compared with just 10% of those who did not engage in the program. A large healthcare company—whose out-of-plan emergency savings program reached nearly [70% enrollment](#) for 50,000 employees within two months—observed similar results. More importantly, participants in these programs [contributed to their retirement accounts at a greater frequency](#)—13 percentage points higher—than those who did not participate.



EMERGENCY SAVINGS REDUCES RETIREMENT ACCOUNT LEAKAGE

Emergency savings benefits help workers meet short-term financial needs while reducing the likelihood of prematurely tapping their retirement savings. By smoothing cash flow, emergency savings can reduce the need for loans and hardship withdrawals. In an analysis of data from October 2020, Voya found workers with adequate emergency savings were [13 times less likely](#) to take a hardship withdrawal.

A Fidelity report from 2025 shows that those enrolled in an emergency savings benefit take [lower-dollar hardship withdrawals](#) than employees who have access to but are not saving with their out-of-plan solution, Goal Booster. Separate studies, both conducted in 202, by [Aspen Institute Financial Security Program](#) and [Commonwealth and DCIIRA](#) show that those with \$1,000 or \$2,000, respectively, in emergency savings are half as likely to withdraw from their 401(k). Further, a large healthcare employer also demonstrated these results, finding that employees who had emergency savings [experienced lower rates and amounts of loans and withdrawals from their retirement accounts.](#)



EMERGENCY SAVINGS STRENGTHENS OVERALL FINANCIAL WELLNESS AND WEALTH BUILDING

Vanguard research in 2025 found emergency savings are the [strongest predictor of financial well-being](#). Commonwealth research from 2021 found that savings mattered more than income for retaining new investors—participants with less than \$500 saved were significantly more likely to withdraw investments early, while [72% of those with more than \\$500 saved](#) continued to invest. Findings from Commonwealth's The Investor Diaries National Survey in 2025 reinforces this connection—33% of newer investors who previously paused investing cited doing so because they didn't feel financially secure enough to continue, underscoring that [emergency savings is foundational](#) for long-term investing, wealth building, and financial well-being.

What Employers Can Do to Implement an Emergency Savings Program

There's never been a better moment for employers to help employees build emergency savings. While there's no single formula that works for every employer, certain core components consistently drive success. These can be adapted based on sector, budget, and workforce composition, allowing employers to design benefits that fit their workforce, strengthen financial security, and make saving feel achievable. Below, we've outlined the core components of a successful emergency savings program.



UNDERSTAND YOUR WORKERS' FINANCIAL NEEDS.

Having a clear picture of your employees' financial needs and realities enables employers to offer more tailored solution(s). When The Fresh Market heard their [workers had different preferences](#)—some preferred digital experiences, others preferred in-person support—they decided to offer both: a digital solution (SoFi At Work) and an in-person option (Truist Bank). Surveys and workforce data can help identify these kinds of preferences and challenges, particularly for low-wage or hourly workers, and may point toward a multi-faceted program that serves different employee segments.

CHOOSE THE RIGHT STRUCTURE: IN-PLAN, OUT-OF-PLAN, OR A BLEND OF BOTH.

Emergency savings benefits can be part of a retirement plan (in-plan) or offered separately (out-of-plan). Out-of-plan options are especially valuable for employees who aren't eligible for retirement benefits. [GXO](#), a supply chain and logistics company, integrated its payroll system into Fidelity's out-of-plan solution, Goal Booster, to make it easier for employees to establish consistent savings behaviors. Retailer [AutoNation repurposed its In-Plan, After-Tax Account in the 401\(k\)](#), augmented it with the out-of-plan ADP Wisely Digital Account to reach those not eligible and not participating in the retirement plan, and emphasized split deposit to enable employees who liked their pre-existing savings solutions to save for emergencies.

Choose a benefit(s) with [features of a high-quality savings product](#). **Key features include:**



No fees



No minimum deposit



Payroll integration



Highly liquid, with immediate (or nearly) access to funds



Employee privacy



Automatic enrollment

LAUNCH: OFFER INCENTIVES, COMMUNICATE EARLY AND OFTEN

Small rewards for consistent saving can [boost engagement](#). Incentives tied to regular contributions tend to be more effective than one-time bonuses for hitting specific targets.

Regular, multi-channel communication [drives awareness and participation](#). Campaigns that specifically highlight the value of emergency savings and combine email, payroll apps, posters, mailers, and multilingual materials, reach both wired and non-wired employees effectively. ESI partners [GXO](#) and [AutoNation](#) found this approach significantly improved participation rates.

Finally, as with any benefit program, measure participation, usage, and results, looking for ways to improve outcomes for workers.

The Transformative Future of Emergency Savings

Emergency savings builds financial resilience in the short-term and serves as a foundation for long-term stability, [retirement security](#), and wealth building. The momentum is growing: business and policy leaders are creating a stronger, more supportive environment for emergency savings, with policy shifts like SECURE 2.0 (which includes Pension-Linked Emergency Savings Accounts (PLESA) with automatic enrollment), demonstrating that large-scale change is possible. Commonwealth also continues to support policy efforts to enable automatic enrollment for out-of-plan solutions, which would unlock significant adoption and impact among a wider set of employees, including those not eligible for retirement plans.¹ Forward-thinking employers, providers, and recordkeepers can lead the way by making emergency savings a core part of their benefits offerings and improving the financial lives of millions of employees in the US.



The time to act is now.

1. Add emergency savings to your benefits program and integrate it into your financial wellness strategy.
2. Scan your existing benefits, talk to your retirement plan advisor or recordkeeper, and review existing vendor options already available to you.
3. Make a plan to offer it—and help your employees build the financial resilience they need today and for the future.

For more information about the Emergency Savings Initiative, [visit here](#).

To explore partnering with Commonwealth to offer an emergency savings benefit, [visit here](#).

¹BlackRock's support of the ESI was provided through grants from The BlackRock Foundation. The public policy activities described were carried out by Commonwealth and other ESI partners, and The BlackRock Foundation does not engage in lobbying activities or earmark its grant funds for use in lobbying activities. Similarly, Commonwealth does not engage in lobbying activities, but rather engages in a series of discussions alongside policy experts to evaluate the current emergency savings policy landscape.

Acknowledgments

This publication reflects contributions from Commonwealth team members Kassidy Cornelison, Robin Flaharty, Charvi Gandotra, Nick Maynard, Amelia Simons, and Teresa Willand, with additional contributions from Commonwealth collaborator Elizabeth Vivirito. It also draws on insights from Emergency Savings Initiative (ESI) partners featured in this research, including UPS, The Fresh Market, GXO, AutoNation, Voya, Fidelity, Truist Bank, and APD Wisely.

This report was made possible by the generous support of BlackRock's Emergency Savings Initiative.



Founded in 2001, Commonwealth is a national nonprofit celebrating 25 years of building financial security and opportunity for low and moderate income households through innovation and partnerships. For a quarter of a century, Commonwealth has designed effective innovations, products, and policies enabling nearly 2.5 million people to save nearly \$9 billion. Commonwealth collaborates with consumers, the financial services industry, employers, and policymakers. Because Black, Latin, and women-led households disproportionately experience financial insecurity, we focus especially on these populations. The solutions we build are grounded in real life, based on our deep understanding people living on low and moderate incomes and how businesses can best serve them. To learn more, visit us at www.buildcommonwealth.org.



Guided by BlackRock's purpose to help more and more people experience financial well-being, The BlackRock Foundation funds and partners with organizations that strengthen financial security by helping people earn, save and invest – earlier, more often and for their futures. BlackRock's Emergency Savings Initiative is made possible through philanthropic support from The BlackRock Foundation. The initiative brings together partner companies and nonprofit financial health experts to make saving easier and more accessible for people living on low and moderate incomes. For more information, visit: blackrock.com/corporate/aboutus/social-impact