

Concept Overview for Start2Save:

A Pilot Matched Savings Program to Build, Access and Sustain Emergency Savings

Ingrid Holguin, Savings Program Director – Opportunity Fund

Start2Save is a pilot, emergency savings program launched by Opportunity Fund in early 2011. Start2Save brings together a suite of financial services and products that are designed to help low-income, low-asset households build, access and effectively manage emergency savings balances. It is a matched savings program that combines financial education, incentives, behaviorally-informed nudges and de-biasing mechanisms to build emergency savings balances while managing through the emergencies that deplete them. The newest component, soon to be piloted, will allow participants to leverage a portion of these savings through a secured credit card to facilitate access to and replenishment of emergency savings funds while building credit.

In tackling the question of how to build emergency savings, Start2Save maintains long-term asset-building as a goal. As a strategy to build emergency savings Start2Save is concerned with both the access to liquidity and the permanence of liquid balances; in other words, with cash flows and cash balances. Start2Save, as a pilot program, relies on lessons learned from the evolution of the asset-building framework; Opportunity Fund's work with traditional IDAs, as well as new insights into behavioral economics. To be effective in the short-term, emergency savings must be flexible in purpose and readily accessible. To be effective as a long-term strategy, balances should be of sufficient size to be meaningful; mechanisms be built in that help manage funds, and outcomes and impacts tied to progress toward improvements in financial stability and household net worth.

Savings mobilization is difficult and expensive, and matched savings programs are often and all-too-quickly deemed particularly so because of the match. Yet, public policy already supports savings matches such as employer contributions to 401(k) retirement plans, the Saver's Credit for retirement savings and AFI funding for traditional IDAs. The importance of emergency savings as a financial safety net is now well-grounded in the research and Start2Save is one approach of many that is emerging and rising to the challenge. Through Start2Save, private and non-profit organizations are partnering to deliver an innovation; the long-term vision is that public policy will follow. Through innovation, investment and a push toward scale, Start2Save hopes to deliver a scalable model that can be impactful in building and managing savings for short-term emergencies while developing long-term asset-building habits and outcomes.