



Big Dreams Start with Small Savings – One Page Summary – Ben Mangan, Nga Chiem, EARN

EARN believes we have one of the powerful answers needed to address our nation’s opportunity problem: fostering lifelong savings habits for low wage working Americans. We propose a new model for bringing the transformative power of savings to scale for millions of low income Americans, delivered at a fraction of the cost of savings programs practiced over the past twenty years.

At the heart of EARN’s new model is the belief that savings is transformative both for household balance sheets, and for household mindsets about money and life. We believe the transformative power of saving – starting with emergency savings - can provide many of the ingredients that low income families need to gain lasting prosperity. These ingredients start with a safety-net to withstand small economic shocks. But we believe that the right combination of incentives (monetary and non-monetary) will spark ongoing savings. We believe regular savings can lead low and moderate income (LMI) families from having a cushion, to saving a small pot of “spark capital” that families can use to invest in something that will grow – like a 529 educational savings account, or a Roth IRA. We believe the transformative habit of saving fosters skills that make people more successful and confident in solving economic and other challenges in life. We also believe that all of these behaviors can be transferred across generations in the form of money norms and values that form families’ “money culture”.

This summer, EARN will launch a “Starter Account” that we believe can bring the transformative power of savings to 1 million low wage American workers by 2022.

EARN’s product is positioned as a starter savings account, that builds the habit of saving while also protecting families against emergencies, and building long term financial capability. EARN’s Starter Account will foster savings habits and skill building through a combination of small financial incentives from EARN that spur regular monthly savings for 6-12 consecutive months, and incentives to continue saving years into the future.

The account will be delivered exclusively online, featuring mobile and internet-based tools that foster financial capability and provide additional layers of non-monetary incentives.