The SaveUSA Coalition: A National Network of Tax Time Savings

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The Problem
Families with low incomes often have limited access to the right savings opportunities, and in emergencies turn to costly alternative sources of funds, leading to a cycle of high-cost debt. In addition, many families receive social services, and the successful completion of these interventions can be negatively impacted by their vulnerable financial situation. A strong, targeted incentive for short-term savings can offer a realistic first step for individuals and families to weather financial shocks, manage emergencies, strengthen their overall finances, prevent breaching of retirement savings, and get on a pathway to longer-term savings.

The Current Program
The SaveUSA program provides low and moderate income tax filers with a timely, simple, risk-free, and valuable incentive to precipitate short-term savings and build savings habits. The model, first piloted in 2008 as $aveNYC and now being replicated in Newark, NJ, San Antonio, TX, and Tulsa, OK through the Obama Administration’s Social Innovation Fund (SIF), gives tax filers with low incomes a no-risk opportunity to save a portion of their refund and then receive a 50 percent match (up to $500) if they save that initial deposit for one year. SaveUSA is currently offered at select Volunteer Income Tax Assistance (VITA) sites in the participating cities. Other cities have also begun independent replications of the program, demonstrating widespread demand for further model expansion.

The Innovation
A national SaveUSA Coalition, overseen by the Cities for Financial Empowerment Fund, will expand this tax time savings model beyond the VITA program to a wider array of service providers, which will increase opportunities for eligible families to participate in the program. Providers will still leverage the infrastructure of tax preparation services, through partnerships, but within their own service context. Such an expansion will allow us to better understand the pathways to scale and establish an evidence base on key design features: match rate, savings threshold, and income eligibility. A national movement of diverse organizations advocating for onramp savings will also provide momentum and expand the constituency of partner organizations and champions around advancing legislation to create the Financial Security Credit, a proposed federal tax credit that would provide a match for qualified contributions into a range of savings vehicles, including shorter-term products. The CFE Fund and the City of New York have been working with Congressional representatives to introduce the Credit, which would serve to fully scale tax time emergency savings though embedding the opportunity into the federal tax code. The creation of a refundable Financial Security Credit would offer a realistic, meaningful, and risk-free first step into savings for all low-to-moderate income Americans directly through the tax filing process.

The Evidence
$aveNYC (2008–2010):

- 2,200 filers committed over $1.7 million to savings.
- 81% of participants saved for the full term and received match funds, accumulating over $2.3 million.
- About 75% of participants who received the match kept the account open for another year.
- The program was positively associated with an increased savings level and improved financial stability.

$aveUSA (SIF-Funded National Replication):

- Early findings from 5-year Randomized Control Trial (RCT) suggest the program is facilitating savings and motivating participants to save again.
- Nearly 30% of participants pledged to save maximum match amount ($1,000).
- For those in the control group, few eligible tax filers who were motivated to save actually did.