Increasing Long-Term Savings

Short-term savings are important for helping people manage the ups and downs of life. Long-term savings, though, help people to reach goals that are meaningful to them. Maybe that means helping finance college for their children, purchasing a home, or retiring and living comfortably.

Unfortunately, the evidence suggests that most people are not making progress towards their long-term financial goals. Take saving for retirement, for example. Despite increases in retirement savings rates, most people in the U.S. still have dramatically under-saved or not saved for their retirement at all. The gap in retirement savings could potentially triple the number of impoverished retirees needing public financial support in coming years.

People are finding other goals, like financing a child's college education, increasingly difficult to attain. The cost of attending college has increased each year faster than inflation, growing by 5.73% per year since 1990. Put another way, a $20,000 college tuition in 1990 now costs $95,223 in 2018. In the face of rising costs, families need to start saving and planning for college as early as possible. The evidence suggests that child savings accounts (CSA's) or 529 plans offer families an effective way to start saving for college and cultivate a "college-bound identity" in their children. Sadly, however, only 16% of parents used savings from a 529 savings account to help pay for college, which suggests these accounts are highly under-utilized.

Over the past year, we worked with four organizations to develop interventions to encourage people to take advantage of programs that help them save either for retirement or for their child's future education. Our work with those organizations approached increasing long-term savings in two ways.

1. Design supports that help them account for future costs and benefits more accurately.

We don't know exactly what our life will be like in the far future or how we will think and feel. Costs and benefits in the far future are much less tangible for us than those costs and benefits in the near term. We can help improve the decisions people make by design tools or supports that make it easier or more attractive for them to make decisions that align with their long-term financial well-being.

With OregonSaves, we designed a decision aid that addresses some of the short-term concerns that people likely overvalue when deciding if they should start saving for retirement. We also nudged them to start saving by using short vignettes or narratives from other savers to send an implicit recommendation that others started saving.

In our partnership with College Kids, a college savings program offered by the St. Louis Office of Financial Empowerment, we tried to encourage more people to start planning for their child's education using messaging that came from a trusted source and helped users visualize a faster progression of time.

Another way to encourage people to engage in future-oriented behavior is to add short-term benefits that might provide more motivation to do so. In our project with San Francisco's Kindergarten to College program, we designed a tool that helps people monitor their progress toward long-term savings goals. The tool reminds people of their desire to provide for their children and encourages people sustain their motivation over time.

> *One way to make saving a little easier is to simply make savings automatic. When we don't have to think about it, saving is less painful.*

2. Capture people's attention.

People are often caught up taking care of daily tasks that require their immediate attention and involvement rather than reflecting on how to achieve long term goals. They tend to procrastinate working on nebulous and complicated activities with impacts far in the future. When it comes to long-term savings, though, procrastinators can be seriously disadvantaged since they lose out on the power of compound interest to build their nest eggs.

We piloted two projects designed to capture potential savers' attention at opportune moments to get them to start saving for long-term savings goals now.

In another experiment with St. Louis Office of Financial Empowerment, we tried to tie saving using a CSA to tax time. The intervention tried to leverage the motivation and attention people already give their tax refund to increase their engagement with CSAs.

With the PA Treasury, we tested different types of messaging to see if one approach was more effective at capturing people's attention. We tested if addressing the message to the child rather than the parent made people notice the messaging more. We also explored if who the sender is matters and tested whether changing the institutional logo changed how people perceived the program.

CASE STUDY

Using narrative decision aids to encourage retirement savings

Oregon State Treasury

Partner Type	Government
Partner Cohort	2018
Project Type	Optimization
Project Status	In field

Background

People are most likely to be unprepared for their financial future when it is not possible for them to save for their retirement through their work. Unfortunately, this is the reality for millions of people, including those who work at small businesses or who work part-time jobs. Oregon has become the first state to address this issue by introducing OregonSaves, a retirement savings option for employees in the state who did not have the option to save through their employer.

Employers in the state must offer the program to their workers if they don't offer another retirement option, but employees are free to opt-out if they choose to do so. The OregonSaves program looks to maximize employee participation: both to ensure more individuals in the state of Oregon are saving for retirement but also to ensure the program is financially viable and self-sustaining. We partnered with OregonSaves to explore how we might encourage more employees to start saving with the program.

Key Insights

A lot of work has already been done to understand why people struggle to save for their future, but we wanted to understand how those barriers affected people within this specific context. We began by conducting in-depth interviews with individuals in Oregon who would be eligible to enroll. Three barriers emerged as especially relevant:

- Many people who are eligible for OregonsSaves want to feel in control of their money and often aren't comfortable sacrificing short-term liquidity, even when they could save small amounts.
- Some people are wary of a program managed by the government. This was not the case with everyone we spoke with, but some felt the state had mismanaged other things in the past like state pensions.
- Many people felt torn about enrolling because they would like to save but they aren't sure if they are able to or if this is the right time to save. People look for cues, especially cues from how other people behave, as to what they should do when they are uncertain or unfamiliar with something.

CASE STUDY

Experiment

We hypothesized that by providing timely program information that addresses important barriers to enrollment and presents that information as vignettes might shape people's early impressions of the program and might send an implicit, social recommendation to enroll.

To test this hypothesis, we designed and embedded a decision-aid into the introductory email that is sent to eligible employees. Two groups of employees randomly recieved emails with one of two different decision aids while a third group received the regular email.

Condition 1. Null Recommendation

A null recommendation version where only 3 of the 4 vignettes enroll. Including a null recommendation might make potential savers view the implicit recommendation offered by the decision aid as more legitimate.

Condition 2. Social Proof

A social proof version where all 4 of the vignettes enroll. Showing everyone enrolling might send a stronger implicit recommendation that most people enroll and start saving.

Results

This experiment is currently in the field.

In the final analysis, we will measure how willing people are to seek information about the program and how likely they say they are to enroll in the program. We also will measure how trustworthy the program seems to be to employees, and most importantly, the actual enrollment decisions that employees make.

CASE STUDY

Presenting employers with a pseudo-active choice to increase registration

Oregon State Treasury

Partner Type	Government
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed

Background

In addition to focusing on maximizing employee participation in the OregonSaves program, we again partnered with OregonSaves to encourage employers to register their business in a timely manner. Employers in Oregon who don't currently offer retirement benefits to their employees must offer access to the OregonSaves program. There are several steps that employers must take to do so, including logging into the OregonSaves online portal, registering their business and adding their employees.

Registering their business and adding employees are critical steps to OregonSave's process – the information that employers provide jumpstarts the process for reaching out and connecting to their employees. Currently, OregonSaves sets a deadline by which employers should register. However, some employers don't register their business by the deadline.

Key Insights

There are a number of reasons why people procrastinate, and several of those are potentially relevant for why employers put off registering their employees.

- To register their business, employers must log into the system and input information. Then, they must upload information about their employees. OregonSaves has taken a lot of steps to make this process easy. Even still, when people perceive something as a hassle, they are more like to put it off.
- Some employers may not fully understand the program. For example, some might think they are exempt when in reality they are not, or they might be unsure of what is required of them. This uncertainty also increases the likelihood that some will procrastinate.
- Others may simply forget. Employers have 30 days to register their business, which may feel like a long time, but in reality that is plenty of time to put the task off and forget about it.

CASE STUDY

Experiment

We hypothesized that by making the employer requirement and deadline more salient, more employers would register their employees within the deadline. We also hypothesized that presenting the choice as a “pseudo-active choice” would convey to employers that they have to take some action, thus encouraging even more employers to respond by the deadline.

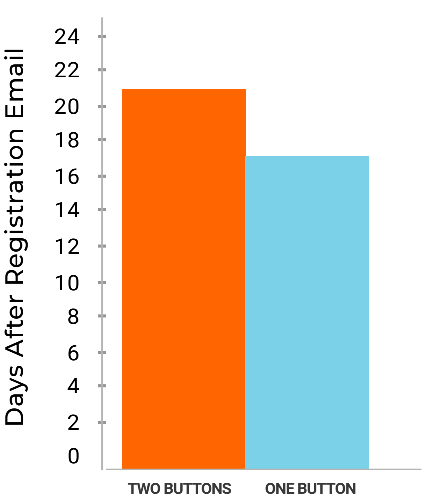
To test our hypotheses, we first re-designed and simplified the initial notice that the program sends to employers. We simplified the language, made the “Respond Today” button larger, and tried to make the the deadline more salient. We also tested a second version which aimed to reinforce the idea that a response was required. We split the “Respond Today” button into two buttons – “Register for OregonSaves” and “Certify Exemption.” We thought two buttons might signal to employers that they must choose one or the other; they cannot choose to ignore the process.

Condition 1. Re-designed Control

Condition 2. Pseudo-Active Choice

Average Number of Days Before Responding

(N=1125)



Results

We did not see any statistically significant differences between the total rate of registration between the two versions of the employer notice. In fact, employers who received the notice that presented a pseudo-active choice may have actually taken longer to respond compared to those receiving the single button version. Employers receiving the registration email with one button responded, on average, 4 days ealier than those receiving the email with two buttons. We saw this increase was mostly driven by a much higher registration rate on the first day they received the notice.

Presenting employers with two buttons was intended to signal that they needed to make a choice. Instead, providing two options may have signaled that taking an action required them to make a decision. Employers who should register instead hesitated and then procrastinated - we saw that the version with two buttons had a higher bounce rate and these employers were slightly more likely to register just before the deadline. Providing just one option makes just starting the process easier.

CASE STUDY

Adding choice to defaults in a retirement savings account

Self-Help Credit Union

Partner Type	Credit Union
Partner Cohort	2016
Project Type	Optimization
Project Status	Completed

Background

In the United States, the lowest wage earners have limited access to retirement savings programs. According to the Bureau of Labor Statistics, of the lowest 10% of U.S. wage earners, only 34% had access to, and only 15% were participating in, employer-sponsored retirement savings programs. These statistics indicate low-income individuals are having a particularly difficult time saving for retirement.

We partnered with Self-Help Credit Union (SHCU) to help its members that are not currently saving for retirement. SHCU is a financial service provider that is focused on community development and the improvement of the financial well-being of its members. Many SHCU members are not currently saving for retirement.

Therefore, SHCU decided to create a new Retirement Savings Account (RSA) that serves as a substitute for traditional employer-based retirement plans. The RSA is funded using automatic contributions from checking deposits and contains a free $100 for all members who do not close the account or withdraw from it in the first year. We partnered with SHCU to test the efficacy of the RSAs at a branch in Western North Carolina.

Key Insights

Qualitative and quantitative analyses represented the foundation for our behavioral diagnosis. We conducted a series of eight in-depth interviews with SHCU staff, members, and one non-member. Additionally, we consulted relevant academic literature on defaults and reviewed historical savings trends for SHCU members. Online surveys were also administered to measure preferences for product features such as product name, automatic contribution percentage, and withdrawal penalties. The behavioral diagnosis led to two key insights.

» Many members lack or have limited plans for retirement. In our qualitative interviews, many members indicated that they suffered from a lack of planning or had no plans for retirement whatsoever. Members did not have specific retirement goals, and many were not currently saving for their retirement.

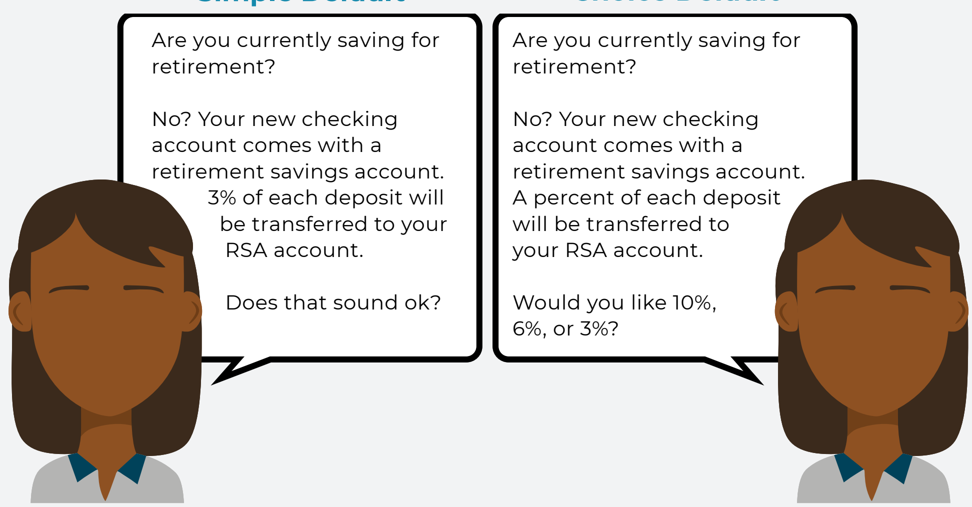
» Many members valued the ease and simplicity of automatic savings. The members were in favor of making the retirement savings process as easy as possible. The RSA allows members to save for retirement without changing any of their financial habits. After the RSA is established, savings will accumulate effortlessly and without much thought.

Experiment

We designed a simple experiment to test which way of presenting the RSA to memebers would lead to the greatest uptake and retirement savings. Members who were not currently saving for retirement and had just opened a new checking account with SHCU were randomly assigned to recieve a simple default or a choice default. Participants presented with the simple default were told 3% of all checking deposits would be transferred to their RSA. The choice default participants were asked to select between automatic transfer rates of 10%, 6%, or 3%.

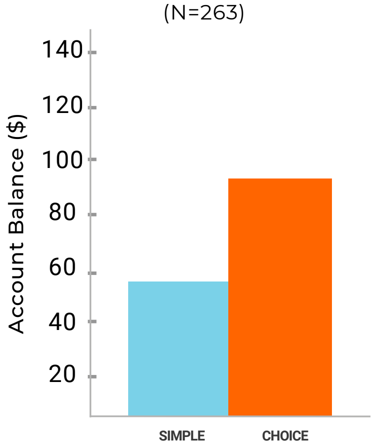
Condition 1. Simple Default

Condition 2. Choice Default



Average RSA Balances Between Groups

(N=263)



Results

The RSA intervention was launched in June 2017. Through the end of June 2018, all eligible SHCU members were offered the RSA. Approximately 36% enrolled in the account and over 24% have maintained active accounts. Interestingly, members were marginally more likely to have opened the account and still keep the account active if they were in the choice-default rather than the simple-default condition. Further, members saved marginally more for retirement in the choice-default condition than did members in the simple-default condition. Across both groups, members have cumulatively saved over $25,000 for retirement during our intervention.

The Common Cents Lab is now working with Self-Help Credit Union to rollout the RSA to more branches and is currently designing an RSA 2.0 to test in 2019.

LAB STUDY

Learning from the lab: reframing social security retirement benefits

Partner Type	N/A
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed

"Each year that someone delays claiming Social Security, their benefits will grow by about 8%, which can mean thousands of additional dollars in retirement income each year.

Background

Americans are worried about having enough money to retire. Many Americans aren't saving for retirement or haven't saved enough. Furthermore, those that do have savings are faced with a terribly difficult decision — when to claim their benefits? People that claim their benefits too early leave extra money on the table. People that claim their benefits too late, though, might not get the most from their savings. Like Goldilocks and her fabled porridge, American retirees need to claim their benefits when it is "just right".

Finding the age that's "just right" is difficult – the majority of Americans likely do not know when they should claim their benefits. Instead, most are claiming Social Security as soon as they are eligible to do so. People may be claiming too early because they rely on heuristics or environmental cues when deciding when to claim their retirement benefits.

Key Insights

We hypothesized that perhaps the Social Security Administration is framing information about benefits in a way that encourages people to claim social security as early as possible. According to the US Social Security Administration, there are early, full, and delayed retirement ages. At these three ages, respectively, retirees born between 1943-1954 are entitled to 75%, 100%, or 132% of their retirement benefits.

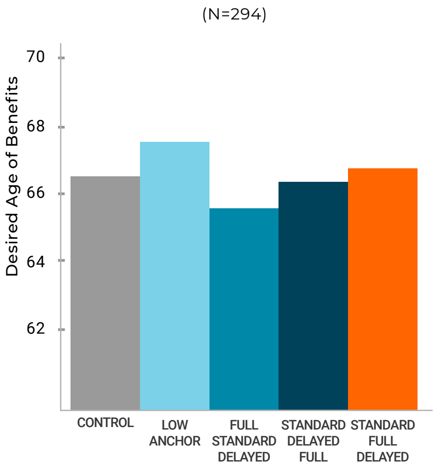
The percentages are intended to convey that your savings will grow as you delay your claim, but framing them as more than 100% may lead people to treat delaying differently than if it simply summed to 100%. People might just want the full amount they are entitled to, and are less motivated to wait for a "bonus." Therefore, we designed two experiments to investigate how the framing of "full retirement benefits" affects people's preferences for when to claim their benefits.

Experiment

To test our hypothesis, we designed two experiments where participants viewed different presentations of key retirement ages and were asked when they desired to claim their social security benefits.

In the first experiment, we varied the names of age categories to be either "Full, Standard, Delayed", "Standard, Full, Delayed", or "Standard, Delayed, Full." Some participants were also randomly shown either a control, where the percentages and names aligned with the way the SSA currently displays retirement benefits information, or a low anchor, where percentages were reframed so that retirement benefits would only reach 100% at age 70.

Study 1. Average Ages People Would Claim Benefits

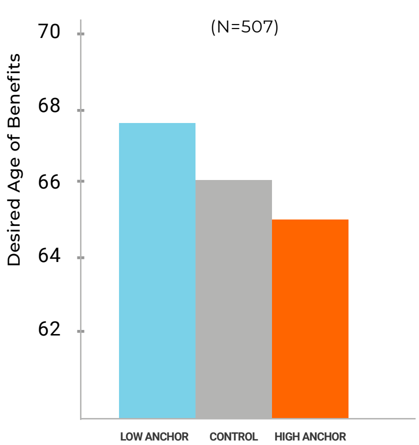


The second experiment was a follow-up to the first. In this study, participants were again randomly assigned to the control condition or the low-anchor condition from the first study. Here we added a third, high-anchor, condition where retirement benefits were presented so that someone would reach 100% of their retirement benefits at the earliest retirement age (62). If they waited to age 70, they were eligible for 176% of their retirement benefits. Afterwards, participants were again asked at what age they desired to claim their benefits.

Results

In study 1, participants in the low-anchor group reported that they would wait the longest to claim their benefits. This difference was statistically different from two of the name groups. There were no differences, however, in claiming ages between control and all other conditions. Given these differences, it appeared that the framing of percentages in retirement benefits uniquely affected participants' preferences.

Study 2. Average Ages People Would Claim Benefits



In study 2, participants who were told they would reach 100% of their benefits at age 70 were willing to wait about a year longer before claiming their retirement benefits compared to the control. Participants who were told that they reached 100% of their retirement benefits at age 62 were willing to wait about 1 year less than the control.

Taken together, these results suggest that how we communicate retirement benefits can significantly influences peoples' social security claiming preferences. Moreover, the way that the SSA currently frames benefits likely encourages people to claim their retirement benefits at or before age 66.

CASE STUDY

Using progress tracking to increase college savings deposits

San Francisco City and County

Partner Type	Government
Partner Cohort	2018
Project Type	Optimization
Project Status	In field

Background

Research has shown when low- and moderate-income students have even a little money saved for college, they are over three times more likely to enroll and four-times more likely to graduate than students with no savings. Further, research from the SEED for Oklahoma Kids Experiment demonstrates that offering automatic enrollment can ensure that nearly everyone has access to a savings account.

The San Francisco Kindergarten to College (K2C) Program is a college savings program run by the City and County of San Francisco in partnership with the San Francisco Unified School District (SFUSD). The K2C program automatically opens accounts for each SFUSD student entering kindergarten or a participating program year. Each account starts with $50 and families have the opportunity to earn an additional $90 in incentives over the year. This incentive structure makes it easy for families to save $200 in college savings by making six $10 deposits (although any level of deposit and interaction with the account is encouraged).

Even still, many families do not take advantage of the incentives offered through their K2C account. We partnered with San Francisco Kindergarten to College program (K2C) to try to increase participation and deposits in the K2C program. While all children receive an account, not all parents are aware of the program.

Key Insights

We began by conducting a behavioral diagnosis to identify the channels that K2C connects with eligible parents, which includes K2C's Welcome Letter to parents. We learned that K2C's opportunities to remind parents of the program and their ability to encourage them to make deposits are primarily communicated via a letter at the beginning of the school year. This letter is distributed to new children enrolled in grades K - 6 in the San Francisco Unified School District. Previous studies by the Common Cents Lab have shown this delivery-by-backpack method to be effective in increasing savings rates.

We focused the majority of our efforts on optimizing the initial letter. There were primarily two behavioral insights that informed our design.

» Previous work we conducted showed that savings reminders lead to more savings deposits.

» Additionally, applied research conducted by Common Cents lab and other lab research suggests that showing progress increases the likelihood of goal competition.

Experiment

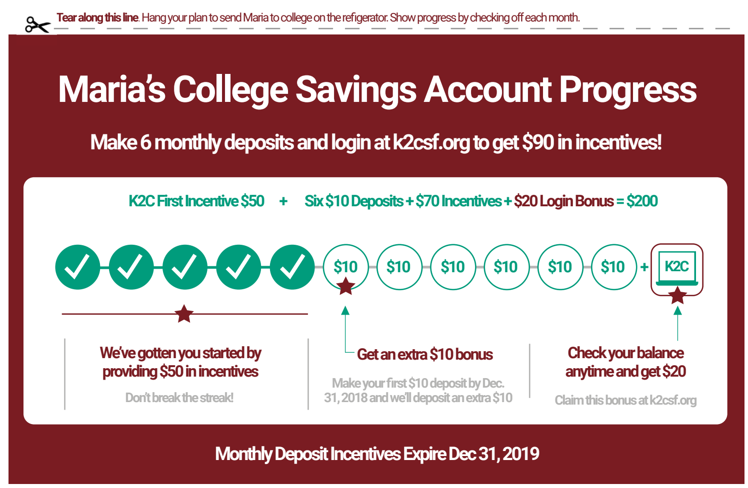
We hypothesized that making savings progress salient would provide reminders to save. We designed two versions of the welcome letter and randomly assigned parents to receive one version.

Condition 1. Informational Control

Parents were informed of the additional incentives they could receive by logging in to the account and making additional deposits.

Condition 2. Progress Tracker

Parents were given the same information as in the control, along with a progress bar to depict their deposits and a prompt to tear off the progress bar and place it on their fridge.



Results

We hope that the increased saliency of the progress bar will serve as a constant reminder for parents to save. These letters were distributed to children beginning in December 2018. We will then track sign up and deposit behavior for a six-month period after the letters are distributed.

CASE STUDY

Using the messenger effect and time progression to increase CSA engagement

St. Louis OFE

Partner Type	Government
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed

Background

According to the College Board, tuition at four-year public colleges has risen more than 100% since 2001. In recent years, financial aid packages have not kept up with rising tuition costs. In the face of rising costs, families need to start saving and planning for college as early as possible. Saving for college through a 529 College Saving Plan or a College Savings Account (CSA) offers families tax-exempt savings and often other benefits, such as matched savings and student attendance rewards. Sadly, only 16% of parents use savings from a 529 savings account to help pay for college, suggesting these accounts are highly underutilized.

We continued our partnership with the St. Louis Office of Financial Empowerment (OFE) to specifically focus on how to encourage greater engagement with the child savings accounts. Through the St. Louis OFE's College Kids program, every kindergarten student receives a children's savings account (CSA) with a $50 seed deposit, as well as other incentives. In 2018, in these studies, CSA engagement is defined by deposit amount and frequency, as well as return of a consent form that allows deposits into their child's CSA based on school attendance, if returned.

Key Insights

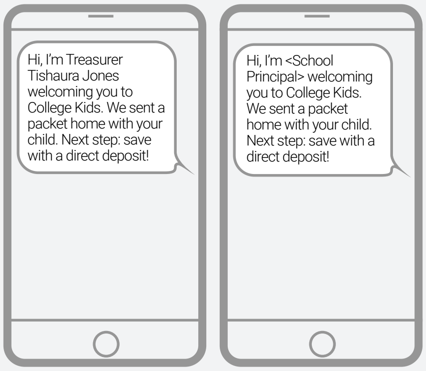
There has been a lot of work done already to explore what prevents families from making use of CSAs. However, we conducted upfront work to see how these factors manifested here– these included qualitative interviews with parents, analyzing administrative data, and a co-creation design session with parents, teachers, coordinators and school coordinators. We identified several, especially relevant factors to understanding why so few families save with the College Kids program.

» Parents may lack sufficient trust in the program. Trust is a common issue faced by CSA programs that are offering "free money" to families. Many people are hesitant to take a deal that feels a little too easy.

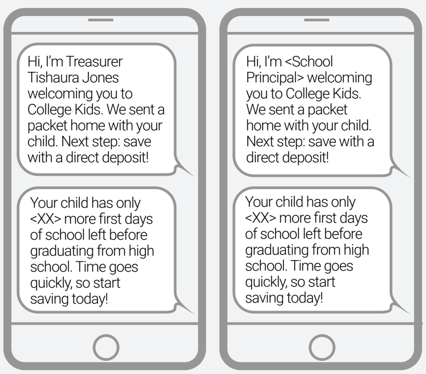
» People think myopically about the future. Encouraging parents with young children to start preparing financially is difficult because the benefits of doing so are not easy to immediately understand, and they will only materialize a long time off in the future.

CASE STUDY

Conditions 1 & 2. Messengers
Direct asks from School Principal and from a Recognizable Public Figure



Conditions 3 & 4. Time Progression
Adding time progress to the direct asks.



> ***"Among the parents who made deposits, those receiving texts from the school principle deposited around $30 more than those recieving texts from a recognizable public figure.***

Experiment

Research suggests who delivers a message and how it is delivered can change how the message is received. For example, people respond more favorably to a message when it is delivered by experts, authority figures, or people they know and trust. We hypothesized that using a trusted source to send messages that emphasized the progression of time would increase CSA engagement.

To test our hypothesis, we sent parents text messages to remind them to take actions on their accounts. These messages were sent in combination with a start-of-year packet to inform parents about the program. Note that everyone who received an SMS actually received two messages – one that arrived the same day as the packet and one that arrived a week later.

Parents were randomly assigned to receive text messages as if they were sent from different figures of authority: either the school principal (the name varied by school) or the city treasurer (a well-known public figure). Another set of parents were randomly assigned not to receive any text message at all. This question of who should offer information about the program – the school or the city – is one that is ubiquitous across college savings programs, so testing this may offer scalable insights in the field.

Results

In total, our sample consisted of 8,341 parents. This sample included parents from all participating school years with an active mobile phone number on file. Due to a technical issue, parents from public schools received the SMS messages before the start-of-year packets; however, in our analysis we found no difference in deposit rates by school type, suggesting that the delay did not have any effect.

Overall, deposit rates were very low. Only 53 people (<1%) made deposits during the experimental period. While no differences were statistically significant, we observed that the time progression messages from the principal may have performed better than the control.

Interestingly, among the 53 parents who made a deposit, parents who received a message from the school principal saved an extra $30 on average. While the total deposits were very low, this leads to a $0.29 increase in the average first deposit when this is expanded to the whole population, which is statistically significant. However, with so few deposits, saying anything definitively about this effect is difficult. Nevertheless, this calls for further investigation into the effect of messenger on savings behavior.

CASE STUDY

Linking college savings to tax time and paydays

St. Louis OFE

Partner Type	Government
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed

Background

Beyond overcoming the psychological barriers that make saving for future educational costs difficult, many CSA programs also struggle to capture the attention of parents and get to top of mind. Often finding the right moment to connect with parents about saving for college is difficult. This is especially true if CSA programs are reaching out to parents at the beginning of the school year, when their attentions are often focused on more immediate challenges.

We continued our partnership with the St. Louis Office of Financial Empowerment (OFE).In these two experiments, we attempted to couple college savings nudges with two earnings-related events: tax time – when many families receive sizeable tax refunds – and paydays.

Key Insights

There are several reasons why coupling college savings with tax time and with someone's paycheck is more likely to be effective than presenting information about the CSA separately.

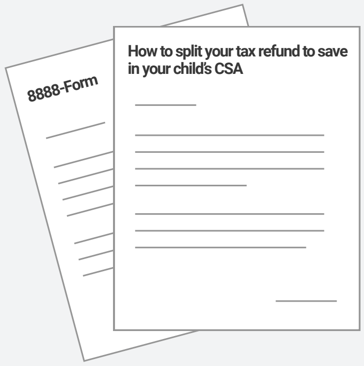
- People are already likely to pay attention to their paycheck and their tax refund. Using these channels is a way of connecting with families when the program is more likely to capture their attention.
- Parents are likely to find it easier to set aside some money for their child's future education right when they are paid or when they receive a tax refund. A previous study we carried out with Digit – a fintech company –showed that asking an individual to pre-commit to saving a portion of their tax refund before they receive it can increase tax-time savings.

Experiment 1. Saving at Tax Time

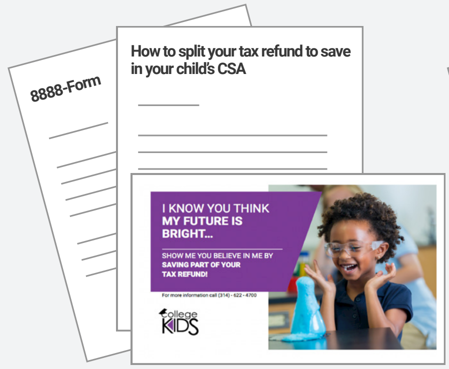
We hypothesized that making it easier for families to contribute to a CSA at tax-time would increase CSA engagement. We utilized the IRS Form 8888, which allows US taxpayers to split part their refund for savings. Families were randomly sent one of four packets, and some families served as a control - which did not receive anything. We used an additive research design, which means each subsequent condition builds on the last condition.

Condition 1.
A general letter explaining how to split a tax refund.

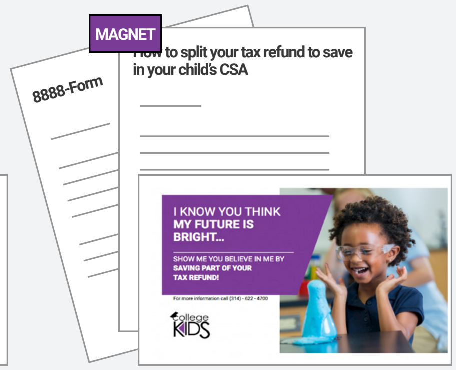
Condition 2.
The same general letter and a blank 8888-form needed to split a tax refund.



Condition 3.
The same general letter, the blank 8888-form, and a designed flyer.



Condition 4.
The same general letter, a blank 8888-form, a designed flyer, and a magnet to attach the forms to the refigerator.



Results

In total, our sample consisted of 8,324 families, roughly evenly split between each of the five conditions. Across everyone, we observed only 11 families make at least one deposit during the study period. Of those who saved anything, total deposits ranged from $25 to a little more than $250.

We found no significant differences in deposit rates across the conditions. We believe that many low- to moderate-income families file their taxes as soon as they can to receive their refunds. Our interventions, however, were sent a few weeks into tax season. Parents may have already completed the tax filing process before receiving our intervention, which may have contributed to the low deposit rates.

Experiment 2. Quick Enroll on Payday

We hypothesized that by reducing friction in the savings process and making it easier for someone to save at payday would increase the number of direct-deposit enrollments to the College Kids program. To test this hypothesis, we piloted a program with the City of St. Louis where employees would receive a quick enroll form for automatic deposits into any College Kids CSA.

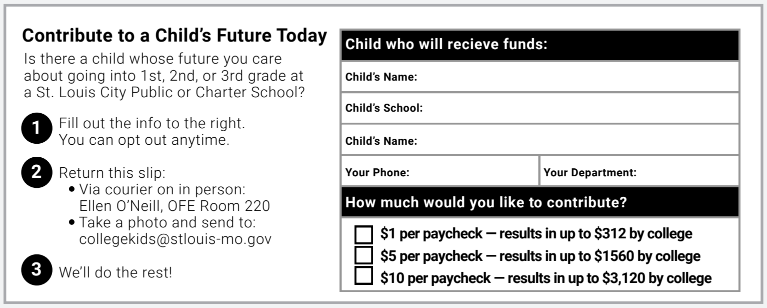
We designed an enrollment form that would be easier for city employees to complete and return. Employees are still paid by paper checks on a biweekly basis, so we distributed the forms by attaching them directly to their paychecks. We randomly assigned departments to either receive a quick-enroll form or not, making sure that both conditions included departments with different amounts of employees.

CASE STUDY

We ran two rounds of the experiment, one with each of two paydays. In the first round, we tested the presence and absence of a quick-enroll form; in the second round we added handwritten and printed sticky notes to the quick-enroll forms.

Condition 1. Quick Enrollment Form

The quick enrollment form was sent with city employees' paychecks. All they needed to do was fill out the form to set up an automatic deduction



Contribute to a Child's Future Today

Is there a child whose future you care about going into 1st, 2nd, or 3rd grade at a St. Louis City Public or Charter School?

1. Fill out the info to the right. You can opt out anytime.
2. Return this slip:
   - Via courier on in person: Ellen O'Neill, OFE Room 220
   - Take a photo and send to: collegekids@stlouis-mo.gov
3. We'll do the rest!

Child who will recieve funds:

Child's Name:

Child's School:

Child's Name:

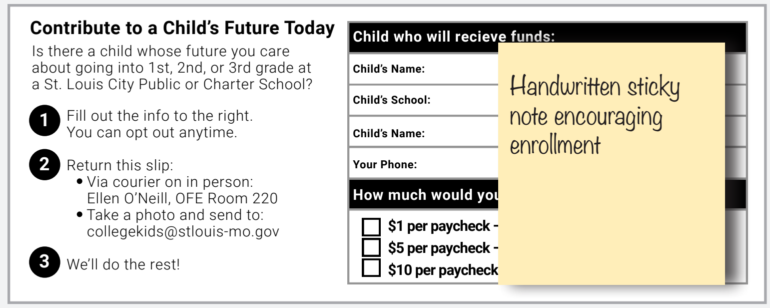
Your Phone: | Your Department:

How much would you like to contribute?

- ☐ $1 per paycheck — results in up to $312 by college
- ☐ $5 per paycheck — results in up to $1560 by college
- ☐ $10 per paycheck — results in up to $3,120 by college

Condition 2. Quick Enrollment Form + Handwritten Note

In addition to the quick enrollment form, employees in this condition also recieved a handwritten note on the form encouraging enrollment.



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Child's Name:

Child's School:

Child's Name:

Your Phone:

How much would you

- ☐ $1 per paycheck -
- ☐ $5 per paycheck -
- ☐ $10 per paycheck

Handwritten sticky note encouraging enrollment

Results

Enrollment into automatic deposits did not vary between conditions. The findings in this experiment are limited due to the lack of quick-enroll form returns – as in the other two experiments, we observe very low baseline savings activity.

> ***"Tying college savings to savings moments – whether that's payday or at tax-time – did not yield a meaningful increase.***
>
> ***The nature of saving for college makes it an especially difficult and complicated behavior to encourage.***

We suspect that there was a limited response in part because few parents had or knew of children who were enrolled in the program. Nevertheless, we still expected more engagement than we saw. Together, both the findings from this experiment and from the tax experiment suggest that timing of the ask may not affect college savings, at least in relation to tax time and payday.

One interesting avenue that did emerge from this was that several people anecdotally expressed an interest in sponsoring a child's college savings account, similar to how one would with charitable giving. Overall though, our thinking is moving toward more structural changes to increase deposit activity – for instance, looking for ways we might re-design the incentive structures for CSA accounts to be more appealing or motivating.

CASE STUDY

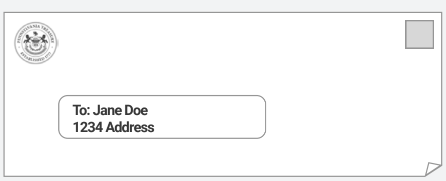
Priming parents with their newborn child to encourage CSA engagement

Pennsylvania Treasury

Partner Type	Government
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed

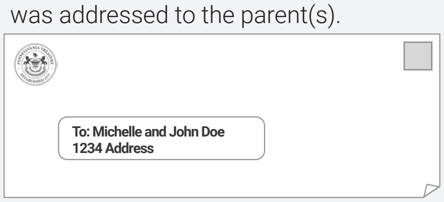
Condition 1. Child Name

The see through window on the envelope was addressed to the child.



Condition 2. Parent Name

The see through window on the envelope was addressed to the parent(s).



Background

While cities like San Francisco and St. Louis offer their own CSA's to their residents, most families have access to CSA's that are offered through state agencies. A majority of states now offer CSA's, and several have even begun to offer universal accounts to all children born in the state.

In 2018, the Pennsylvania Treasury launched Keystone Scholars program, which began by offering all parents of newborn babies in six eligible counties the opportunity to claim a $100 grant within the year after their child is born. However, not everyone claims the $100 and, by not doing so, they forgo the benefits of the account. We partnered with the PA Treasury to increase the number of mailer open rates, and thus, the number of families that go online to claim their $100 grants.

Key Insights

Currently, the PA Treasury sends mailers to new parents that communicate the benefits of the pilot program and provide information about how parents can claim the $100 grant. To better understand this process, we began by talking with PA Treasury staff and mapping out all of the necessary steps required of parents to claim their account. We also spoke with new parents to understand the barriers that make it less likely they will open and act on the mailer.

» Responses to direct mail are already very low. People tend to overlook letters, and even when they do open their mail, they may put off responding until a later date.

» The experience of parenthood is, in itself, a big barrier for people opening the account. Being a new parent is a very busy time and we tend to let a lot of things fall to the wayside. New parents are likely not opening mailers they are receiving a few months after their baby is born.

Experiment 1. Mailers

We hypothesized that addressing the mailer to the parent's newborn child rather than to the parent would draw more attention to the mailer. By capturing more of parents' attention, we hoped to increase the likelihood that they would open the letter and, ultimately, motivate them to claim their child's account. We ran two experiments testing our hypothesis. In the first experiment, we targeted new parents who had not yet claimed the $100 grant nor opened the account. Parents randomly received one of two letters: addressed to them or addressed to their child.

Results

Letters were sent to 4,343 individuals and a total of 503 claimed accounts across conditions. We found that individuals who received a letter addressed to their newborn were slightly more likely to claim their account compared to individuals who received a letter addressed to the parent. However, these differences were not statistically significant after controlling for the demographics of the parent.

Specifically, we find parents who have completed college or a professional degree, who are married, and who are white are more likely to claim the account. These correlations suggest that claiming may be associated with the parents' own background and educational history.

Experiment 2. Emails

In a second experiment, we targeted parents who had already claimed their $100 Keystone grant but had not yet opened a PA 529 college savings account. Instead of direct mail, in this experiment we tested different email subject lines in an attempt to elicit attention. Parents were randomly assigned to receive one of two emails using the same ideas as the letters: one email's subject line referenced the name of the parent's newborn , whereas the other subject line referenced the parents.

Results

> ***"We found that parents were equally likely to claim the $100 grant regardless of whether the messaging was addressed to them or to their child.***

Of the 435 individuals that received emails, only 20 parents – 7 parents in the parent name condition and 13 parents in the baby name condition – opened a 529 account. This difference is not significant.

When looking just at email open rates, we do see a larger portion of individuals in the condition addressed to the parent's name opened the email compared to the portion of individuals in the condition addressed to the baby's name (61% to 47%). While interesting to pursue further, this difference is not statistically significant.

Both the email and mailer experiment suggest that getting parents attention is not enough to motivate them to either claim the Keystone grant or open a 529 - both complex financial behaviors. Moving forward we hope to pursue more structural changes that might make these benefits an easier choice for parents. For instance, this could include bundling the 529 or Keystone grant with the packet of documents that every new parent interacts with after their child is born.

CASE STUDY

Changing perceptions of a CSA program with different insitutional logos

Pennsylvania Treasury

Partner Type	Government
Partner Cohort	2018
Project Type	Optimization
Project Status	Completed

Background

Many CSA programs that are offered as a public initiative have moved towards developing a distinct brand and identity that is separate from their sponsoring government agency. Whether this approach to branding is effective is still up for debate. For instance, creating a distinct brand may allow the program to distance themselves from some negative perceptions of government. Alternatively, doing so may unintentionally lead people to see the program as less official than they would if it were more closely connected to a government agency like the treasury.

To explore this question, we again partnered with the Pennsylvania Treasury. Within the context of their Keystone Scholars program, we investigated whether their aesthetic branding beneficially effects perceptions of credibility and trustworthiness of the program.

Key Insights

To better understand how people perceived the Keystone Scholar branding, we first conducted qualitative work with mothers in Pennsylvania. As a part of that work, we presented the mothers with the current Keystone Scholars marketing communications and solicited their reactions.

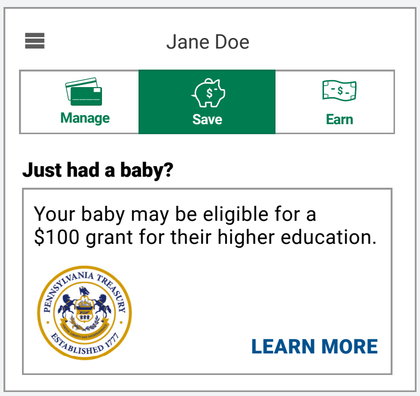
- Some mothers who encountered the eye-catching branded version of the Keystone program flier had reservations about the program and worried it might be a scam. They felt that an offer for a free $100 from an unknown brand might be too good to be true.
- When we are presented with something new, we look for cues about how we should think about it. This was the case with the Keystone Scholar program – when the program was noticed to be a part of the PA Treasury, it was viewed differently than when it was presented by itself. This different reaction is consistent with research into the halo effect, which has shown our overall impressions of someone or something can color how we think and feel about their specific actions or aspects.

Experiment

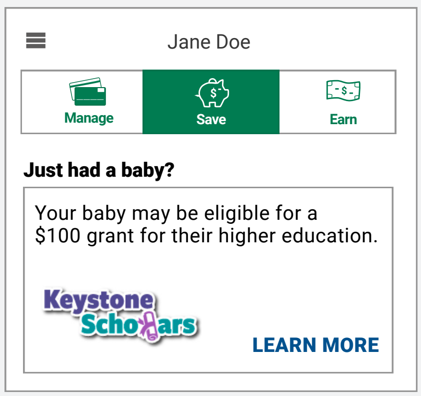
Given what we observed from the interviews, we felt that we could use the existing perceptions of the PA Treasury to overcome some of the reservations eligible parents may have about the program. We hypothesized that associating the Keystone Scholars program more closely with the PA Treasury would make the program seem more credible and trustworthy. Ultimately, we hoped that increasing perceptions of trustworthiness would increase interest and participation in the program.

To test our hypothesis, we worked with Propel, a fintech company that operates Fresh EBT, a free financial services tool to help low-income individuals manage their EBT SNAP benefits. We identified Fresh EBT users in geographic areas eligible for the Keystone Program and randomly presented advertisements with one of three different institution logos.

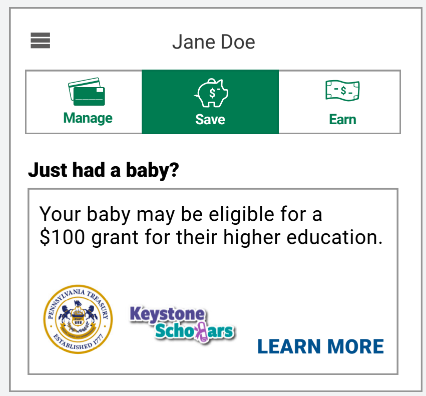
Condition 1.
Treasury Logo



Condition 2.
Keystone Scholars Logo



Condition 3.
Combination of Both Logos



Results

A total of 14,635 individuals saw the advertisement, a small portion of which were new parents and thereby eligible for the program. Of those, there were 275 clicks* on the advertisement to learn more. While the difference was not statistically significant, the combination of both logos was more successful at enticing individuals to click than the advertisement that presented people with just the PA Treasury logo condition, which recorded the second highest number of clicks, and the advertisement with just the Keystone Scholars logo.

Fresh EBT is a free smartphone app used by over 1.5 million EBT cardholders each month. Fresh EBT empowers EBT cardholders to manage their benefits and improve their financial health though balance checking and transaction history within a mobile app, similar to a mobile banking app you'd get from a consumer bank. In addition to balance checking, Fresh EBT introduces users to other ways that they can improve their financial health, ranging from grocery coupons to a map of EBT-authorized farmers markets to income earning opportunities. A recent study by Harvard Business School found that Fresh EBT helped its users eliminate one day of extreme hunger per month. Propel, the builders of Fresh EBT, are a social enterprise founded in 2014 through Blue Ridge Labs, a program now run by the Robin Hood Foundation.