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Appalachian Savings Project

Focused on childcare workers in Appalachian Ohio and West Virginia

Project established incentives to save small amounts with auto-debit purchases of I Bonds via U.S. Treasury account.

- \$50 at sign-up
- \$50 incentive at tax time
- Matched 50% of savings after one year (up to \$400)

Simulated refundable Savers Tax Credit



Appalachian Savings Project - Results

Participants' total savings including the match averaged \$1,150, or **5.5% of their average annual incomes**

60% of the participants purchased savings bonds monthly or more often during the program

Participants generally **earmarked their savings bond purchases for longer-term** uses, including retirement

50% used part of their tax refund to purchase savings bonds



Participant Feedback:

Match provided a clear economic incentive to save:

“I set it [automatic savings bond purchase] a little higher than what I normally would have; however, I really wanted that match. . . I did \$40 every two weeks, which was a little much for us, but I really wanted that 50% [match].”

“I am very glad for the opportunity they gave me to save and make it worthwhile with the savings match.”

“This is a great opportunity for family childcare providers. This is the only way people in my field would be able to have a matching retirement [account].”



Appalachian Savings Project - Implications

Despite financial barriers and competing demands, lower-income workers are interested in saving and can accumulate significant savings over a short period of time.

Need easy access to savings vehicles well-suited to small dollar savers and encouragement to start with small amounts.

Power of these smaller savings should not be underestimated.

Savings incentives can boost accumulation.

Project design and implications can be applied to other lower-wage sectors.



Thank You



Savings Matches, Small Dollar Accounts,
and Childcare Workers' Decisions to Save
2012-2015 Appalachian Savings Project

A REPORT FOR THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
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