



Building Non-Retirement Savings through the Workplace:

Findings from the AutoSave Pilot

Conference on Savings Strategies & Innovations
for Low-Income Households

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AutoEnrollment 401(k)	AutoSave
Opt-out	Opt-in pilot (later: opt-out?)
Pre-tax wage deductions	Post-tax wage deductions
Restricted use, access	Unrestricted use, access
Employer-managed	Employee-owned
Employer match (often)	No employer match
Recurring, once established	

Behavioral Principles

AutoSave Design Features

Simplify
Minimize Hassle Factors



Streamline new account paperwork
Pre-populate form fields
Enroll at work, no bank/credit union trips

Constrain Choices



Recommend a “standard” saving amount
Pre-screen the account and its terms

Automaticity



“Set it and forget it”
Direct deposit automates savings

Mental Accounting



Segregate savings from transaction acct
Not linked to checking
New account (perhaps) in new depository

Create Social Norm



Presented as a standard employee benefit

Employer Partners

- 3 For-profit, 3 nonprofit, 2 municipal gov't employers
- East and West Coasts, Midwest, New England
- 13 to 25,000 employees targeted for AutoSave
- Occupations: health care, food service, social services, administrative, warehouse, groundskeeping, light industrial, more

Financial Institution Partners

- Two large national banks
- One regional bank
- One community bank
- Two municipal employee credit unions
- One credit union (chartered to serve select employee groups and the local community)
- Several more approached, not engaged

Principles Followed in Negotiating Opt-In AutoSave Accounts

1. Make it rewarding to begin saving at small dollar amounts
2. Protect the account as much as possible from being depleted by fees, overdrafts, and everyday purchases
3. Make funds readily accessible when needed

Suitable AutoSave Opt-In Account

- Individually-owned, portable
- No/low minimum opening deposit
- No monthly maintenance fees w/regular deposits
- Access primarily via teller or ATM
- No point-of-sale access
- ChexSystems OK
 - exceptions: fraud (all sites); balance owed other financial institution (1 site – later loosened)
- Interest-bearing, market rate
 - exceptions: no interest (2 sites) 3.25% (1 site)

Negotiating Opt-In Account Terms

- “Off the shelf” products not suitable for AS
- Most common deal-breakers:
 - monthly account fees
 - minimum balance requirements
 - initial deposit requirements
- AutoSave accounts not necessarily profitable
- Leverage points for negotiating account terms:
 - most persuasive: ability to open accounts that would receive regular direct deposits
 - employee and employer customer acquisition

Initial Take-Up Rates (8 Sites)

- Offered to all employees within a work site
- 2 to 62% initial sign up rates (first 4-6 weeks)
- Most sites 10-25%
- 3 sites increased slightly w/additional outreach and follow up (over subsequent 3-9 mo)
- 2 sites: “re-launch” or expansion

Why Different Take-up Results?

- Sites with highest participation:
 - Small group sessions
 - Advance notice
 - Follow-up
 - Simplicity?
- Influence of behavioral features on take up?

FEATURE	RESULT	LEARNING
<p>“Recommended” Savings Dollar Amount Pre-checked on Enrollment Form (Anchoring)</p>	<ul style="list-style-type: none"> •63% chose the suggested amount •None chose smaller amt. •No subsequent changes 	<ul style="list-style-type: none"> •“Stickiness” happens •Recommendation was trusted
<p>Information, Knowledge about the Program and Reasons to Save (Reminders)</p>	<p>Higher enrollment rates in sites that took greater time to explain AutoSave in detail</p>	<ul style="list-style-type: none"> •Must also offer ability to move quickly on decision •Leaves open question of how much information is efficient amount to provide •Replicable?
<p>Ease of Immediate Enrollment (Channel Factors)</p>	<ul style="list-style-type: none"> •Site with most complex procedure had lowest take-up 	<ul style="list-style-type: none"> •Appears important, but difficult to quantify

FEATURE	RESULT	LEARNING
Segregated Savings (Mental Accounting)	Valued by some; others viewed as inconvenient	<ul style="list-style-type: none"> •Separate “mental accounts” matter, mitigated by other factors
Pre-commitment (defer for 3 mo)	No employees took this option (5 sites tested)	<ul style="list-style-type: none"> •May not be powerful for this intervention •Further test of timing/ messaging?
Incentives (1 site - \$50 bonus) (1 site - \$5 +\$15 two-step bonus)	<ul style="list-style-type: none"> •Only modest increase in take- up following introduction of incentives 	<ul style="list-style-type: none"> •May be weakly helpful, but not overcome other factors
Strong Encouragement & Social Norming Message of “expectation” that employees will enroll	<ul style="list-style-type: none"> •Strong take up in sites with this feature •Involvement of supervisors important 	<ul style="list-style-type: none"> •Seems effective, but difficult to replicate •Potential issues with pressuring of employees

Enhancing the Opt-In Model

- Priming/identity (e.g., parents/grandparents)
- Reminders
- Timing (seasonal)
- Follow-up
- Advertise deadlines
- New hire process (most promising point of enrollment — but slow build-up of participation)

Reasons Given for Signing Up

- Liked having separate account not linked to transaction (checking) accounts
(“hide money from myself”)
- Automaticity *(“ability to just save money directly”)*
- Low perceived risk of saving too much
- Desire to connect with new FI, or expand relationship with existing FI
- Small subgroup: no other bank account

Sources: focus groups, interviews, mini-survey at intake

Reasons Given for *Not* Signing Up

- Confusion about purpose of account
- Only one designated FI, or mistrust of FI(s)
- Not wanting employer to “interfere with pay”
- Inertia (*“I just didn't follow up for some reason”*)
- Not wanting to manage multiple banking accounts/relationships
- Employee had existing method of automating/ segregating savings

What happened to the savings?

Savings account activity patterns after 6+ mo:

1. *Longer-term savers* (55%) — no withdrawals as yet
2. *Classic AutoSavers* (18%) — 1-2 large withdrawals
...emergency use?
3. *Frequent Spenders* (27%) — many small WDs
 - “over-saving”? (consumption not adjusted)
 - transactions: purchases, bill pay (odd dollar amts), OD transfer?

Overall, 4% made extra deposits in addition to AutoSavings

Operational Lessons: Feasibility of Implementing Opt-In Model

1. Employer and financial institutions' capacity/willingness to implement
2. Making enrollment simple

Operational Lessons: Employers had to...

- Modify existing direct deposit forms
- Market AutoSave aggressively to employees
- Collaborate with bank or credit union to implement
- Assign lead staff person, and sustain effort
 - Usually Human Resources
 - Follow up with employees to complete enrollment

Primary challenge: time and attention

Operational Lessons: Financial institutions had to...

- Provide suitable savings product – and maintain the terms
- Offer streamlined account opening in workplace
- Assist employers with set-up
 - “Bank at Work” staff
 - Glitches: follow up

*Primary challenge:
changing existing products and practices*

Operational Lessons: Making Opt-In Enrollment Simple

Goals field-tested

- Minimize deterrents (time, lengthy paperwork)
- Create fully remote enrollment process (no visit to bank)
- Make savings decision easy and provide pre-selected choices for sign-up of AutoSave

Challenges encountered

- Real/perceived legal limitations to simplifying, combining direct deposit forms and account opening applications
- Documenting employee ID
- Sustaining account terms

Implications for Next Steps

Opt-In

1. Urge national banks to offer standardized, turnkey opt-in product? (cf. FDIC template)
2. Opt-in implementation guidelines?
 - intermediary needed?

Opt-Out

1. Legal review and product design
2. Experimental test?

Legal Considerations

- Opt-in model: Few legal hurdles
 - Account opening paperwork
 - Documenting identity (Bank Secrecy Act and USA PATRIOT Act)
- Opt-out model: more complex

State-level:

- Conditions under which payroll cards may be used
- Is this diversion of wages considered a *wage deduction*? (If so, prior written consent needed?)

Opt-Out Legal Considerations, cont.

Federal-level:

- Electronic Funds Transfer Act and Federal Reserve Regulation E *(What is ER's burden to provide multiple account products/deposit options?)*
- ERISA? *(Confirm that AutoSave would not be considered an employee welfare benefit plan)*
- Customer identification requirements *(Financial Crimes Enforcement Network examining extension of Bank Secrecy Act to nonbank providers of prepaid products.)*



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