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**DEPARTMENT OF CONSUMER AFFAIRS RELEASES REPORT REVEALING NEW YORKERS WITH LOW INCOMES CAN AND WILL SAVE WHEN GIVEN THE RIGHT BANKING PRODUCTS**

***DCA's Office of Financial Empowerment Helps New Yorkers with Low Incomes Save \$73,000 in One Year***

***Successful Savers' Average Yearly Income Approximately \$15,000***

The Department of Consumer Affairs (DCA) today released the first-year results of the City's \$aveNYC Account Program pilot, which found that, contrary to commonly held beliefs, individuals with low and very low incomes can and will save when given simple and safe banking products. The Department's evaluation of the pilot program, entitled *The \$aveNYC Account: Innovation in Asset Building*, revealed that despite an average annual household income of roughly \$15,000, 61 percent of program participants contributed at least \$500 to their \$aveNYC Account, totaling more than \$73,000 in savings by the end of the first year. As part of Mayor Michael R. Bloomberg's aggressive anti-poverty strategy implemented under the Center for Economic Opportunity, DCA's Office of Financial Empowerment (OFE) launched the \$aveNYC Account to examine how the City could encourage savings – a predictor of financial stability – in communities with low incomes through a privately funded City matching program. Families earning less than \$45,000 and individuals earning less than \$20,000 were eligible to open a \$aveNYC Account when filing their taxes at participating Volunteer Income Tax Assistance (VITA) sites. Individuals who left the initial deposit in the accounts for one year received a 50 percent match, up to \$250, in addition to the 2 to 3 percent interest the savings accounts earned. The program is funded through private donations made to the Mayor's Fund to Advance New York City.

"This first evaluation of our \$aveNYC savings pilot confirms the underlying goals we strove for in this program," said Consumer Affairs Commissioner Jonathan Mintz. "Given a safe, simple and incentivized opportunity to put aside money for short-term savings, even those with extremely low incomes can and will save money for their families' needs."

"These initial findings are very promising," said Cathie Mahon, Executive Director of DCA's Office of Financial Empowerment. "A family's ability to create accessible, short-term liquid savings is a key ingredient to financial stability. The \$aveNYC account not only showed us that individuals with low incomes can save, but it also showed us that if the banking experience is positive, they will continue to save."

"Previous efforts have done a poor job of helping working families save, which is a primary source of economic insecurity. The \$aveNYC Account program is a breakthrough innovation because it delivers an accessible, meaningful and coherent incentive at the exact moment when families have access to some tangible cash - tax time. It is a promising effort which can serve as a model for future policy at both the local and national level," said Reid Cramer, Director, Asset Building Program, New America Foundation.

The \$aveNYC Account Program began in the 2008 tax season as a pilot program with approximately 150 New Yorkers who opened a special savings account. Nearly 75 percent of the first-year participants kept their accounts open for the year, qualifying them to receive the City match during the 2009 tax season. During the 2009 tax season, the pilot program was launched Citywide at a dozen VITA sites in the five boroughs. More than 1,000 accounts were opened in 2009.

Key findings from the report include:

- **Individuals with very low incomes can and will commit to saving if presented with a convenient, simple banking product at a moment when they receive an unexpected financial windfall.**
  - Sixty-one percent of participants contributed at least \$500 of their tax refunds to their \$aveNYC Accounts, making them eligible for the maximum match.
  - Overall, participants saved an average of \$400, or 11 percent of their tax refund.
  
- **A positive banking experience can impact the future savings behavior of “unbanked” individuals and those with no previous record of saving.**
  - Nearly one-third (31 percent) of filers who chose to open a \$aveNYC Account were unbanked.
  - Among the survey respondents, roughly 36 percent reported no savings prior to opening the account.
  
- **Incentivized and safe banking opportunities successfully motivate savings behavior.**
  - For the vast majority of \$aveNYC Account survey respondents (83 percent), the match money was their main motivator to participate in the program, with trust in the financial institution of critical secondary importance.
  - Twenty-five percent of survey respondents reported that they had no intention of saving prior to the 2008 tax season, and 73 percent of those who did not intend to save reported that they only saved because of the match money.

OFE is the first local government initiative in the nation aimed expressly at educating, empowering, and protecting those with low incomes, so they can build assets and make the most of their financial resources. OFE is the first program to be implemented under the Center for Economic Opportunity as part of Mayor Bloomberg's aggressive efforts to fight poverty in New York City.

For more information about *The \$aveNYC Account: Innovation in Asset Building*, please visit [www.nyc.gov/ofe](http://www.nyc.gov/ofe) or [download the full report](#).

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace for consumers and businesses, DCA licenses more than 70,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their

rights and responsibilities. DCA's Office of Financial Empowerment is the first municipal office of its kind in the nation with a mission to educate, empower and protect New Yorkers with low incomes, to help them make the best use of their financial resources to move forward economically. For more information, call 311 or visit DCA online at [www.nyc.gov/consumers](http://www.nyc.gov/consumers).