

Saving at Work for a Rainy Day

Results from a National Survey of Employees

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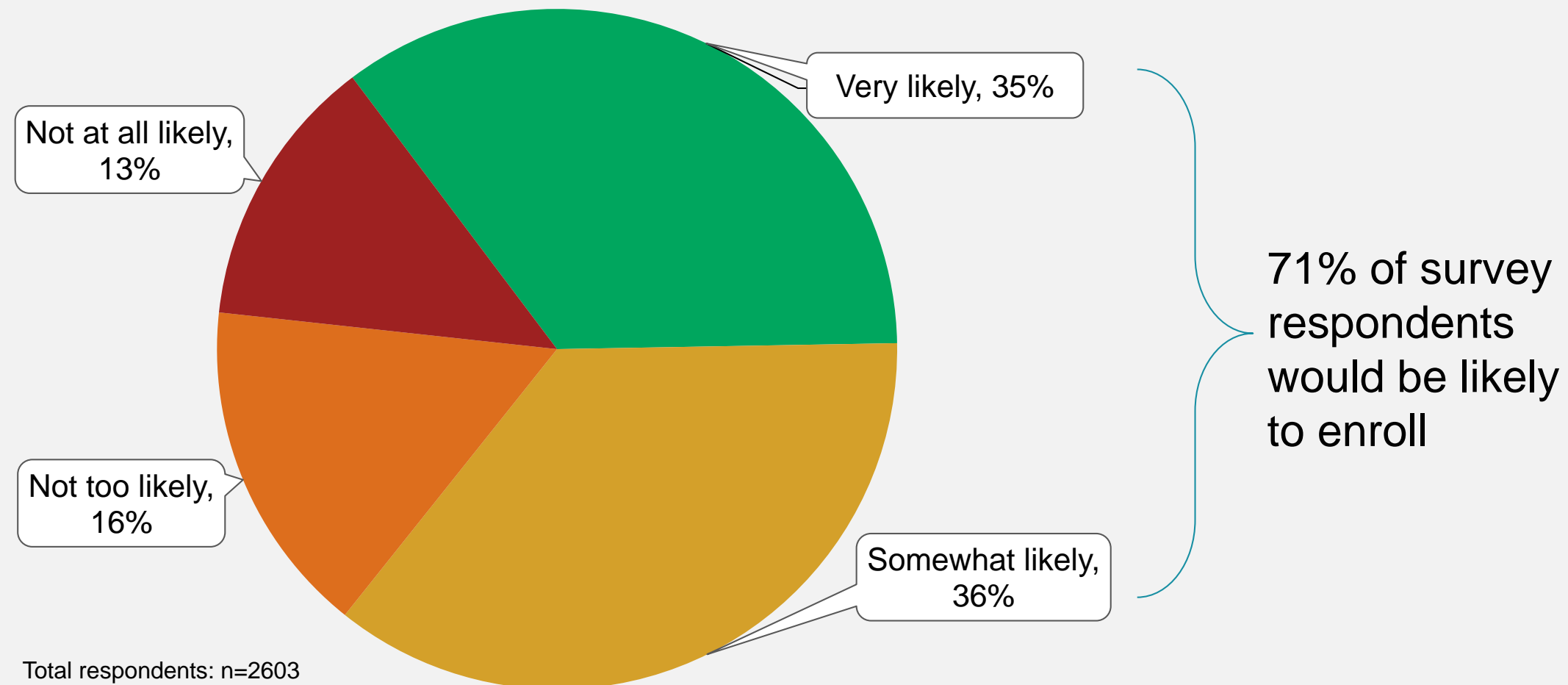
Description of the Rainy Day Savings Program

“To help you be prepared for emergencies or unexpected expenses, an amount of money you specify will be deducted from each of your paychecks and deposited into a special savings account set up for you at a bank or other financial institution. These transfers from your paychecks to the savings account will continue for as long as you would like and you can stop them at any time.

You are free to take the money out of the savings account at any time without paying a penalty. There are no fees on this account. At no time is your account information shared with a third party.”

Seven in ten employees would likely participate in an employer-based rainy day savings program

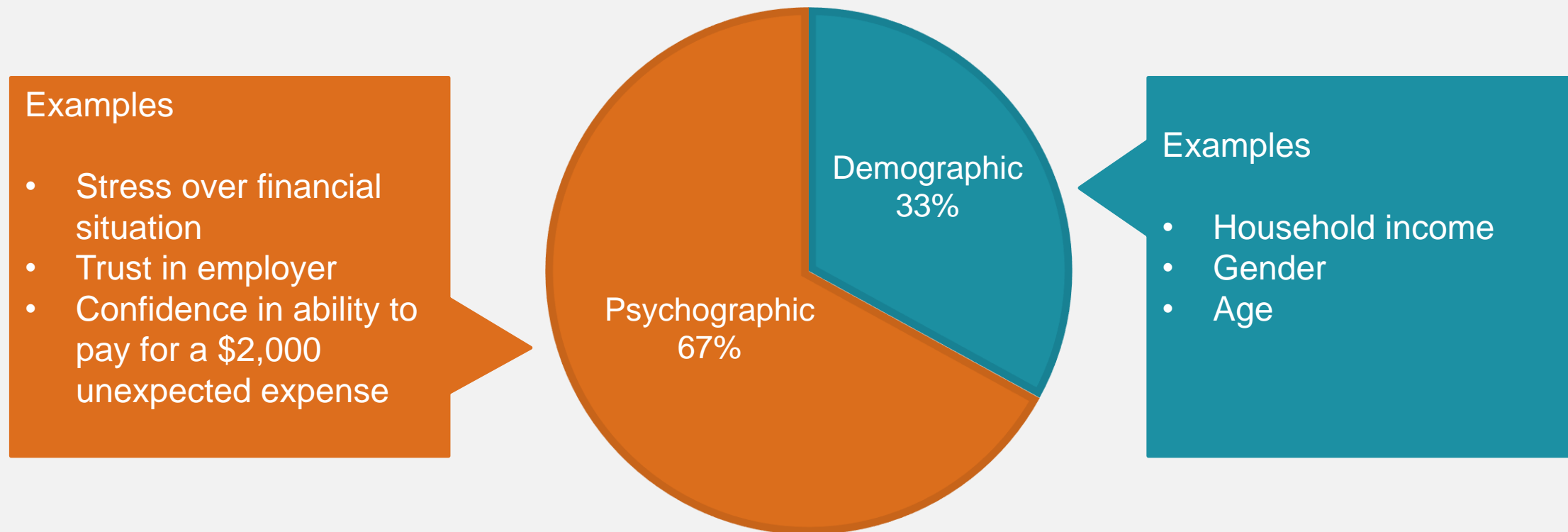
How likely are you to enroll in this benefit?



Individuals' attitudes and opinions are more important drivers of participation than demographic factors

Regression analysis showed that, overall, likelihood of enrolling in the rainy day savings program is driven primarily by psychographic factors as opposed to demographic factors.

Effect of factors on likelihood to enroll



The most powerful drivers* of likelihood to participate in an employer-based rainy day savings program:

- 1. Non-retirement savings**
- 2. Stress about overall financial situation**
- 3. Trust in primary employer**
- 4. Ability to pay for an unexpected expense costing one month of household income**

*Based on regression analysis. Factors are listed in order of the degree to which they appear to impact likelihood to enroll in the program.

Moderately powerful drivers* of likelihood to participate in an employer-based rainy day savings program:

- 1. Trust in financial institutions**
- 2. Race**
- 3. Ability to pay for an unexpected expense of \$2,000**

*Based on regression analysis. Factors are listed in order of the degree to which they appear to impact likelihood to enroll in the program.

Weak drivers* of likelihood to participate in an employer-based rainy day savings program:

- 1. Gender**
- 2. Ethnicity**
- 3. Age**
- 4. Marital status**
- 5. Years of formal education**

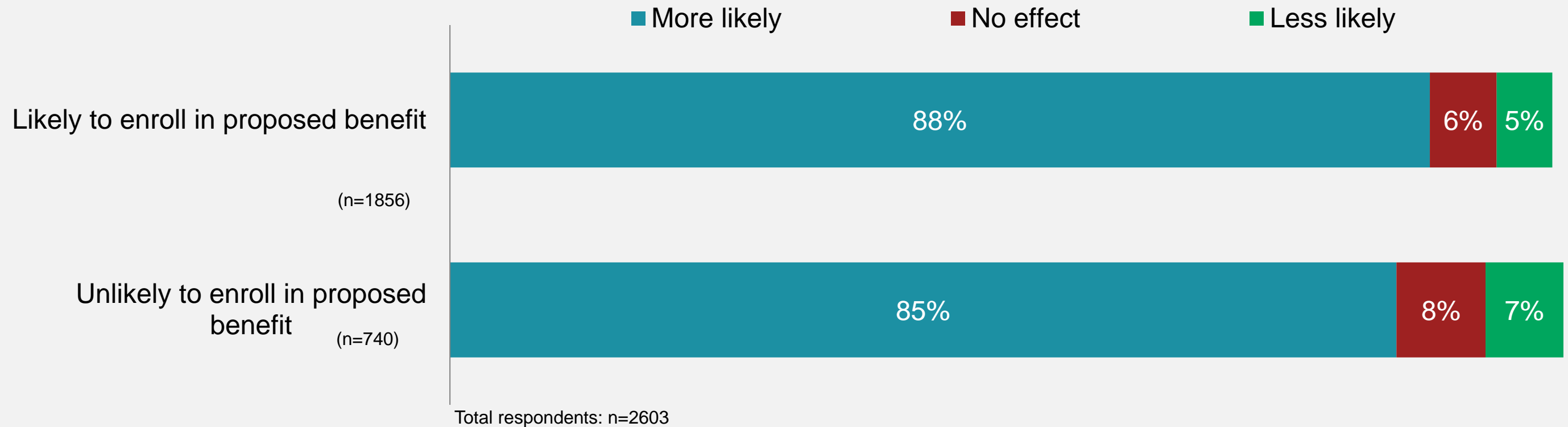
*Based on regression analysis. Factors are listed in order of the degree to which they appear to impact likelihood to enroll in the program.

Factors that have **no significant effect** on likelihood to participate in an employer-based rainy day savings program:

- Household income
- Number of months since dealing with a large, unexpected expense
- Proportion of monthly take-home pay to expenses (including loan payments, mortgage and rent, child care, food, transportation, and health care)
- Perceived level of knowledge about financial matters
- Agreement with “I often need to borrow money to make ends meet.”
- Agreement with “I feel like I have no control of my financial situation.”
- Agreement with “I have an unmanageable amount of debt.”
- Regularly putting money into retirement accounts outside of work
- Balances in employer-sponsored retirement plans

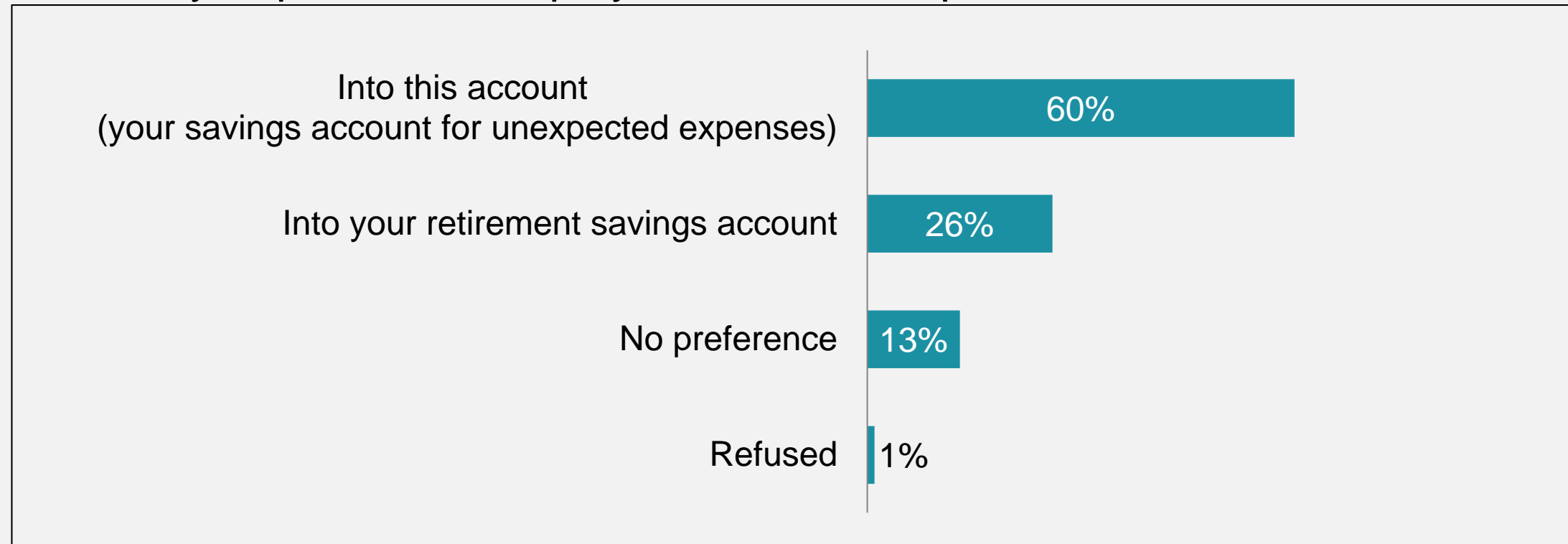
An employer match makes 87% of employees more likely to participate

Suppose your employer decided to match at least some of the amount that you put into this account. How would this affect your likelihood of enrolling in this employee benefit?



Most would prefer that the match be deposited into the emergency savings account rather than into a retirement account

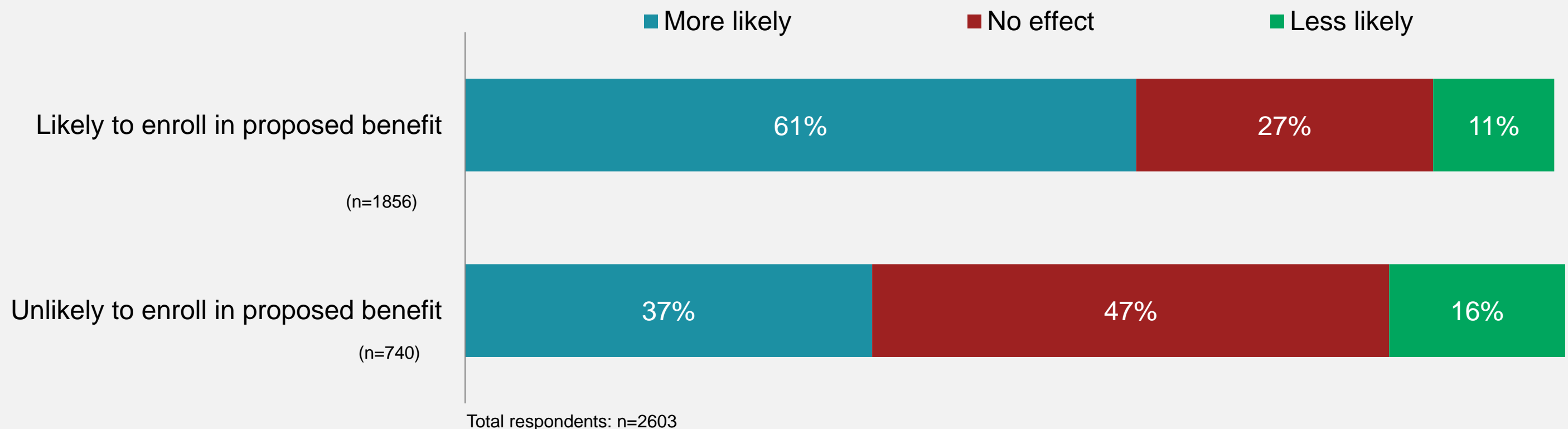
If your employer decided to match at least some of the amount that you put into this account, where would you prefer the employer match be deposited?



Respondents whose employer offers a retirement savings plan at work that allows employees to make contributions from their paychecks: n=2216

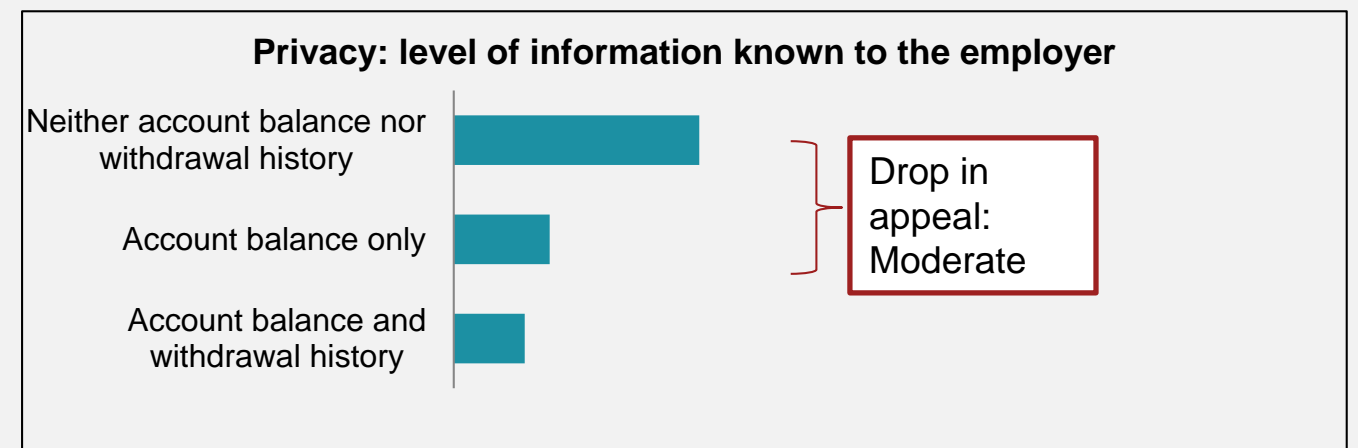
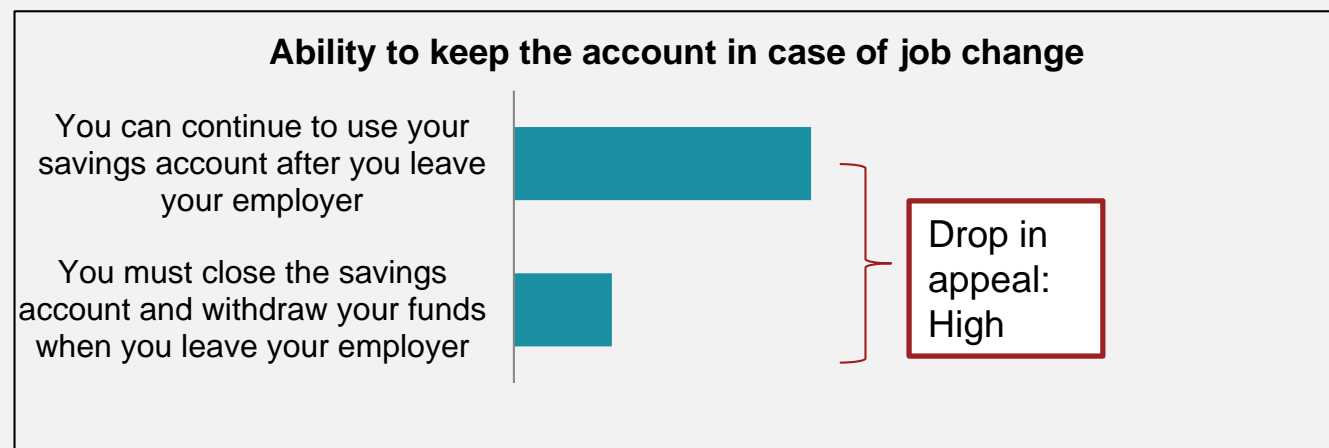
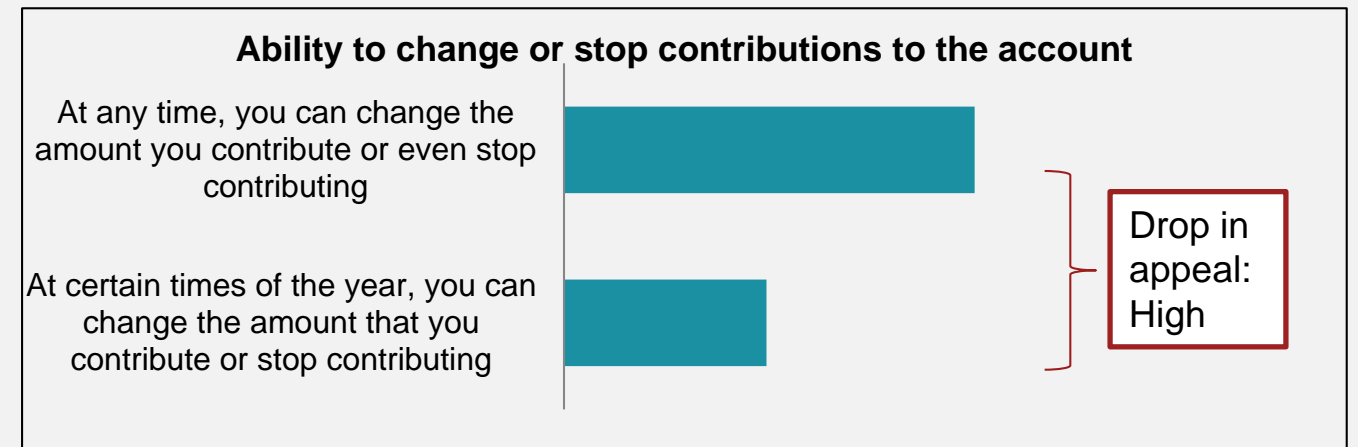
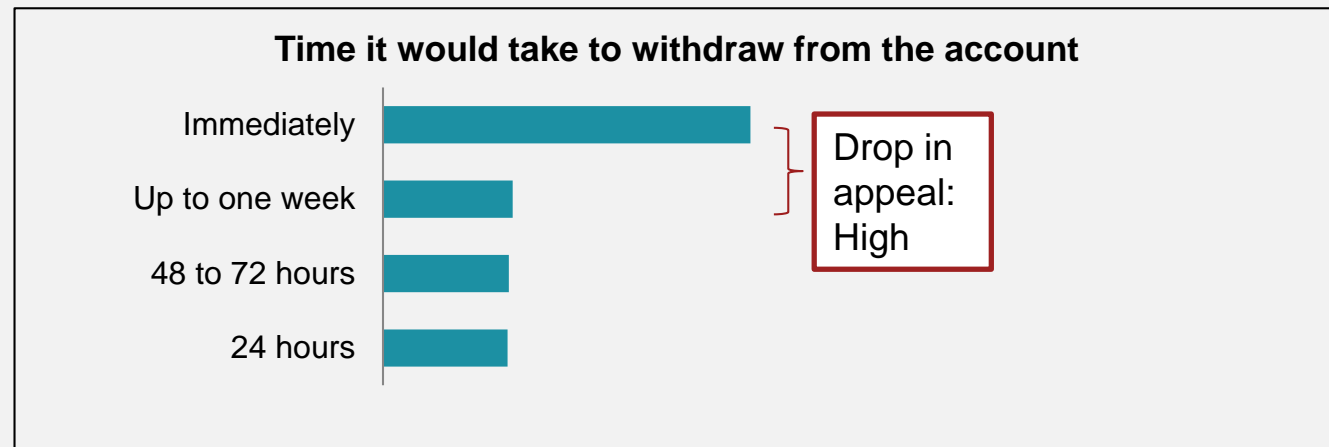
The ability to direct payroll contributions to an existing account makes half of employees more likely to participate

Suppose you could direct your savings contributions to a savings account you already have at a bank or financial institution. How would this affect your likelihood of enrolling in this employee benefit?

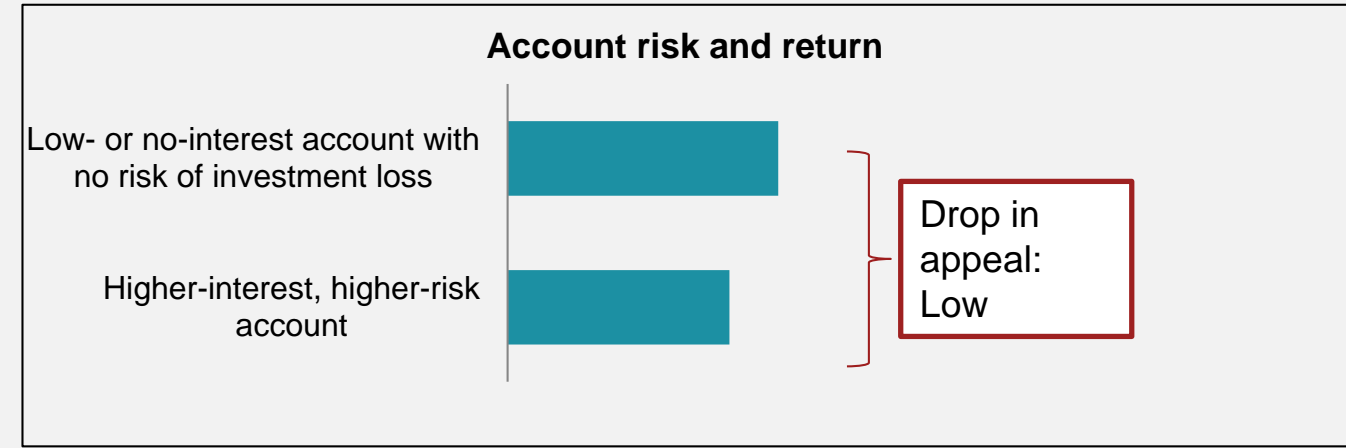
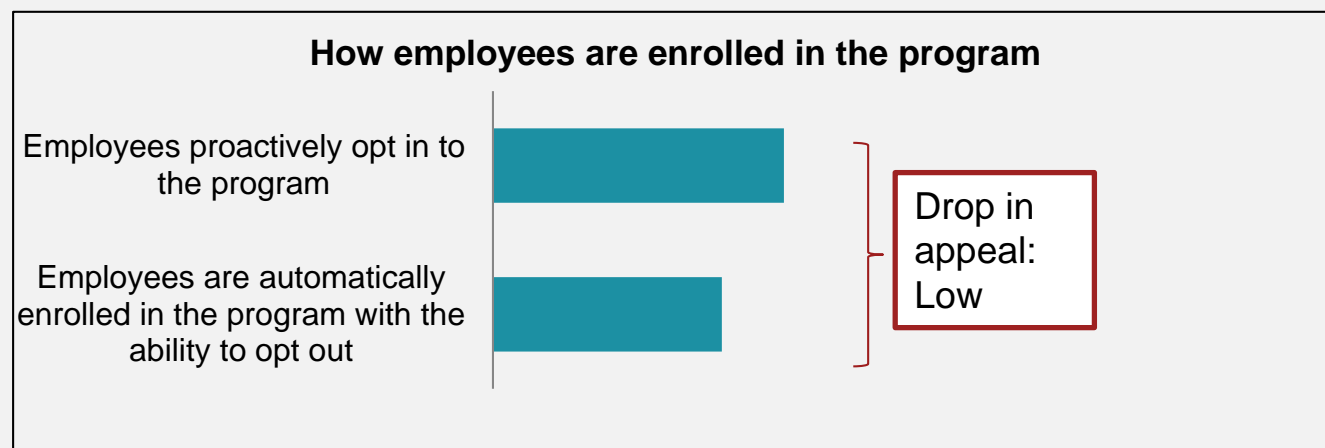
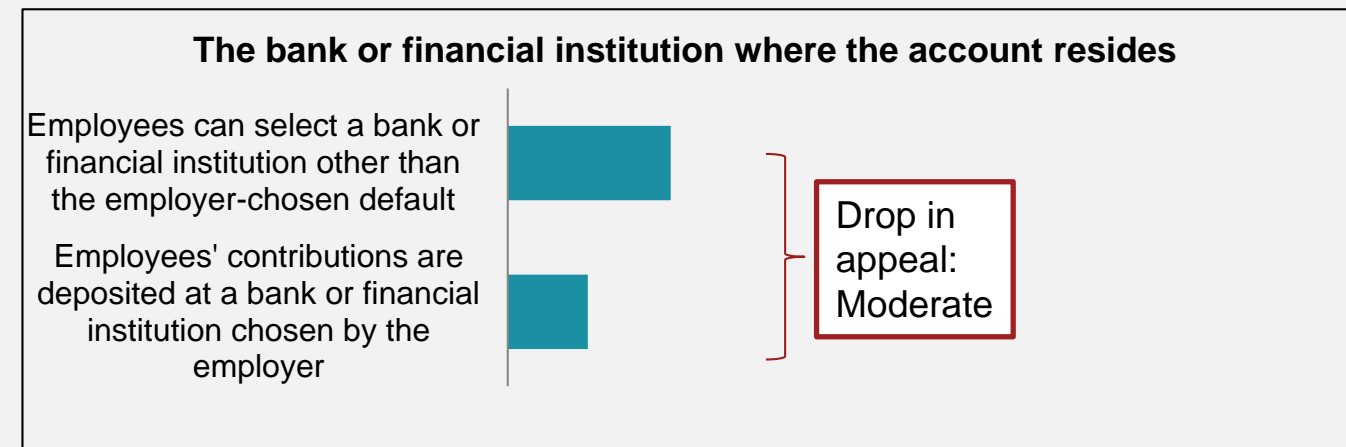
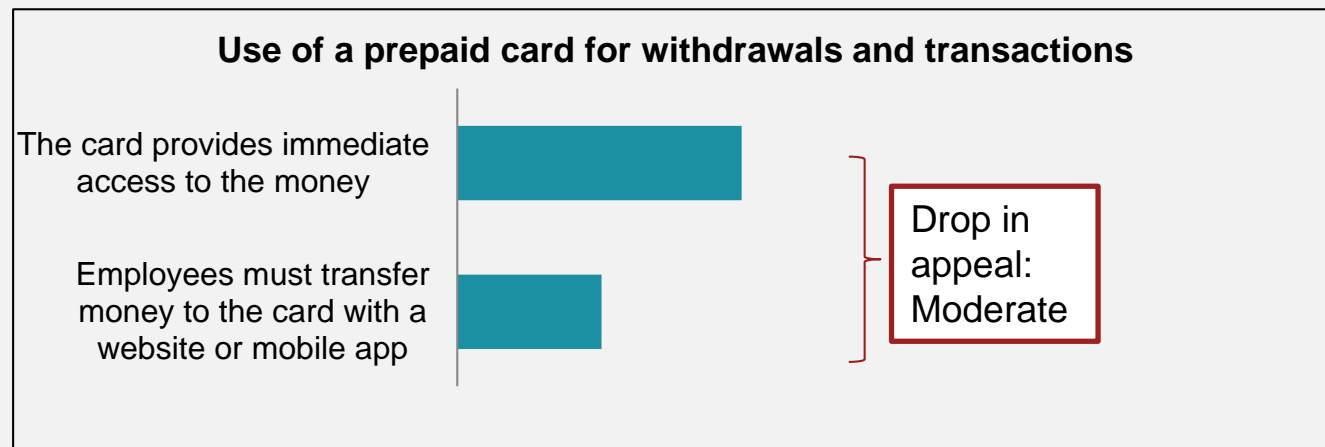


Program feature tradeoffs: control, convenience, and privacy are essential

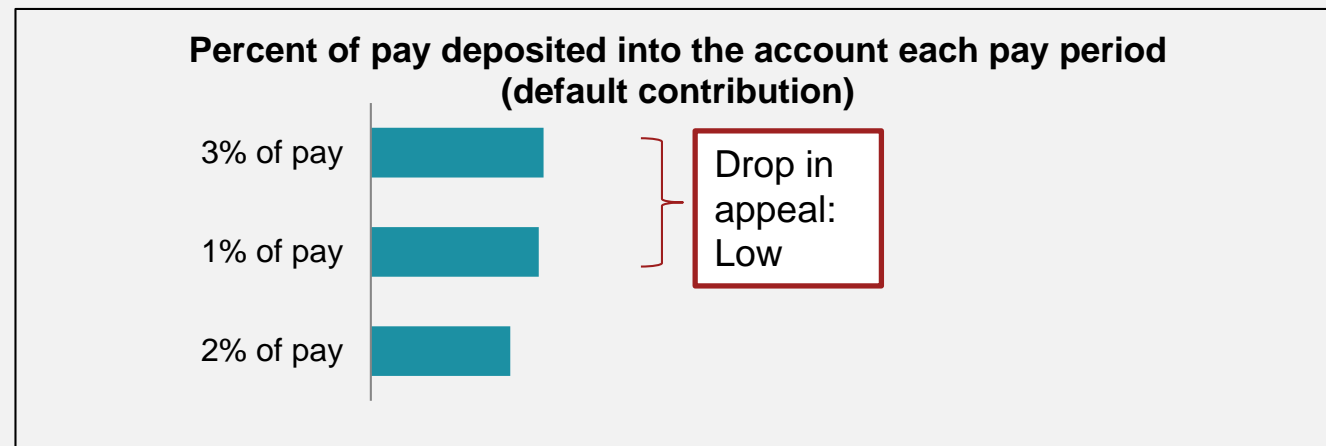
Employees are least willing to compromise on the ability to access their money immediately, start or stop contributing, keep the account if they leave their job, and maintain privacy



Program feature tradeoffs (continued)



Program feature tradeoffs (continued)



Most effective messages

- “Easily start saving through an account that you control”
- “Having money tucked away out of every paycheck for emergencies will relieve some stress”
- “Routinely set aside money for unexpected events”
- “Access your savings quickly and easily whenever you need to”
- “Automatically deposit money from each paycheck into a separate account in your name”

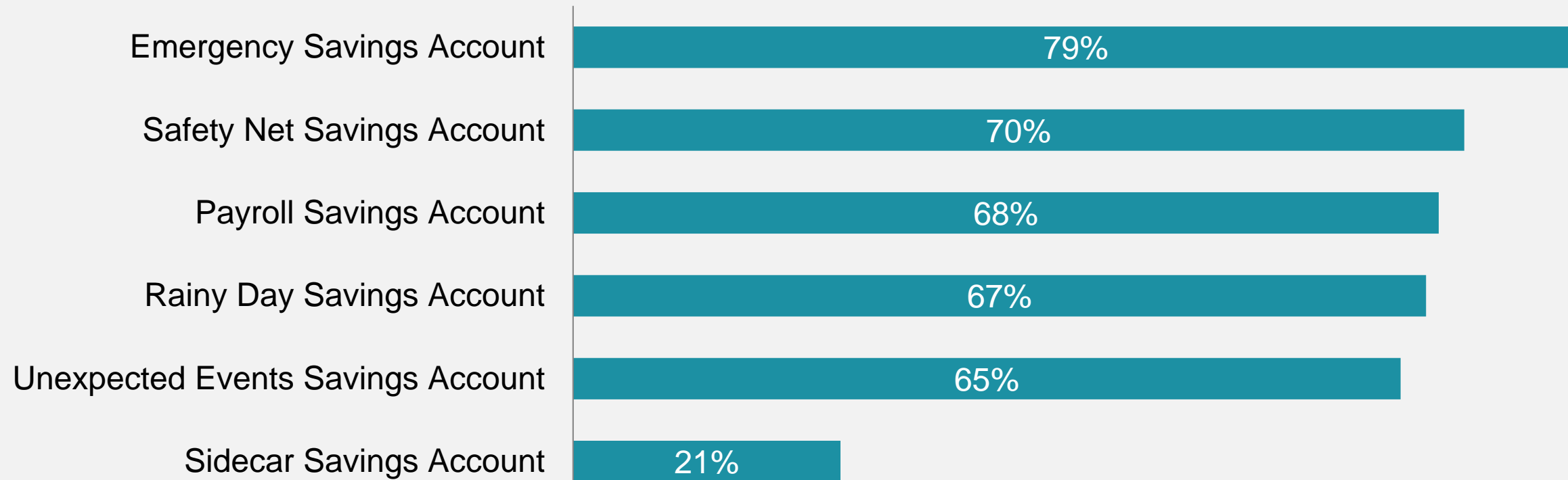
Least effective messages

- “Easily start saving through an account that your employer sets up for you”
- “This account will help employees to be more productive at work”
- “This is a way for a company to do right by its employees”

What to call the program

Nearly eight in ten respondents say that “emergency savings account” describes the program well

Share of respondents that say the name describes the program “very well” or “somewhat well”



Total respondents: n=2603

Questions or suggestions?

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