

BlackRock's Emergency Savings Initiative

Frequently Asked Questions

What is BlackRock's Emergency Savings Initiative?

BlackRock's Emergency Savings Initiative (ESI) is a \$50M philanthropic effort driven by BlackRock's Social Impact team to improve the financial security of working Americans—with focus on those earning low- and moderate-income—through building access to emergency savings.

The ESI, which is funded by contributions from the BlackRock Charitable Trust and the BlackRock Foundation, is made up of three nonprofit industry experts including Common Cents Lab, Commonwealth and Financial Health Network who provide knowledge and expertise to test, pilot and scale proven research-backed emergency savings solutions.

Since ESI launched at the end of 2019, more than 30 partners—including payroll providers, recordkeepers, fintechs and employers—have joined to take the essential first step to make emergency savings a foundational part of their offerings for employees and/or customers. ESI industry experts work with each partner on bespoke solutions and helps to embed, measure and pivot each savings solution as appropriate.

Some major accomplishments of ESI so far include:

- ESI has achieved a tremendous amount of awareness and influence building focused on the importance of emergency savings, including Tier 1 media coverage on the topic and on The Initiative's work and conferences with major actors in the space.
- UPS launched an emergency savings initiative with access for 90,000 UPS employees in collaboration with ESI, Voya and Commonwealth. ([press release](#))
- ADP, which pays one in every six people in the US, has joined ESI. Adding tools and opportunities to save to this significant of a player in the payroll industry presents a major opportunity to scale emergency savings.

How does ESI define emergency savings?

BlackRock's Emergency Savings Initiative defines emergency savings as liquid savings that can be used in an emergency and as a building block to greater financial security.

Additional details:

Emergency savings accounts are designed for people to build up a reserve of cash savings, which can be drawn down for an unexpected expense, and then re-built; emergency savings can also be used to help with cash flow.

Ideal product features of quality emergency savings products:

- No barriers to entry
- No requisite minimum account balance
- Low or no fees
- No restrictions (especially around withdrawals and usage)
- Liquid (easy and quick withdrawal)
- Transparency around all account features
- Active marketing and promotion
- Portable (between employers or when leaving the workforce)
- Principal protected
- Auto-enrollment with opt-out (where legal)

What are the major accomplishments of BlackRock’s Emergency Savings Initiative to date?

- Retirement company Voya, which reaches 6.4 million plan participants, joined ESI as the first retirement company in the Initiative. ([press release](#))
- UPS launched an emergency savings initiative with access for 90,000 UPS employees in collaboration with ESI, Voya and Commonwealth. ([press release](#))
- Commonwealth, partners in the Initiative, drove policy guidance with the Consumer Finance Protection Bureau that opens the door to employer autosave programs. ([press release](#))
- ADP, which pays one in every six people in the US, has joined ESI. Adding tools and opportunities to save to this significant of a player in the payroll industry presents a major opportunity to scale emergency savings.
- Recognition of the importance of this problem by major corporations and business leaders across many sectors becoming part of ESI, and the impact of emergency savings for their customers and employees.
- ESI has achieved a tremendous amount of awareness and influence building focused on the importance of emergency savings, including Tier 1 media coverage on the topic and on The Initiative’s work and conferences with major actors in the space.
- Test and learn findings have demonstrated proven tactics and innovations — including specific messaging intervention and collective savings.
- Original survey research from industry experts has defined the scope and issues related to a lack of savings surrounding the pandemic.

What are some of the statistics demonstrating the need for ESI?

- 43% of low-wage workers in the US don’t have a savings account.¹

¹ <https://savingsproject.org/emergency-savings-a-life-jacket-in-rough-seas/>

- In 2019, 37% of all Americans were unable to cover a \$400 expense from savings²—this number is higher for women (47%).³
- For households making *less than* \$60,000 a year, 58% do not have access to emergency funds, and the challenge is more severe for female-headed households and Black households (61% and 71% respectively).⁴
- To cover a \$400 emergency expense many people, especially financially insecure households, are more likely to turn to high-cost debt as an alternative⁵
- Those with emergency savings have been half as likely to tap retirement savings during COVID-19.⁶
- Chronic stress associated with worrying about short-term finances is disruptive for employees, resulting in lower productivity at work, which costs companies up to \$250 billion per year.⁷
- In qualitative interviews with recordkeepers and plan sponsors 8 out of 9 recordkeepers either offer or are planning to offer an emergency savings product.⁸

What are some of the research-based concepts developed by industry experts relevant to emergency savings?

- Windfall events (e.g. tax refunds or government stimulus payments) are key moments for savings
- The habit of saving — and comfort with a cycle of building-using savings — is more important than achieving a certain balance for emergency savings
- Automation eases friction and facilitates regular build-up of savings
- Messaging and salience are effective ways to generate interest in savings
- Messaging in app on-boarding is a key opportunity to drive savings outcome
- Incentives, prize-linked savings and group savings can improve savings outcomes

Additional research from ESI partners can be found [here](#).

How many partners are in ESI?

More than 30 partners have participated in ESI since launch; they range in size and sector. Together with ESI, they are working on a variety of projects focused on emergency savings, including:

² <https://www.federalreserve.gov/publications/files/2019-report-economic-well-being-us-households-202005.pdf>

³ <https://savingsproject.org/lack-of-savings-has-high-cost-for-women/>

⁴ <https://info.buildcommonwealth.org/real-time-research>

⁵ <https://savingsproject.org/covid-19-exacerbates-already-stark-savings-gap-between-black-and-white-americans/>

⁶ <https://savingsproject.org/saving-through-a-crisis-lmi-retirement-plan-participants-covid-19-financial-strategies-six-months-in/>

⁷ https://www.metlife.com/content/dam/metlifecom/us/ebts/pdf/MetLife_Financial_Wellness_Programs_Foster_a_Thriving_Workforce.pdf

⁸ <https://savingsproject.org/eye-on-systemic-change-in-the-retirement-industry/>

- Quantitative and qualitative research of the employee and customer base to understand their financial circumstances, behaviors, perceptions, needs and aspirations;
- Test and learn on specific emergency savings features to determine viability and usefulness;
- Emergency savings feature pilots and project implementations.

Pilots and projects include introducing new emergency savings options to employees and customers, changes to user experience to encourage or automate savings where possible, marketing and messaging campaigns to drive take-up and use of emergency savings, and evaluations of the interventions to assess impact.

Who is part of ESI?

With support from founding partner BlackRock, Common Cents Lab, Commonwealth and the Financial Health Network are the initiative's industry experts driving progress with corporate partners.

Key partners include ADP, Best Buy, Mastercard, Truist, Self, UPS, Varo and Voya. Other research partners include Branch, Digital Credit Union (DCU), Esusu, Guadalupe Credit Union, MX, Shared Harvest Fund, and Virginia Credit Union and more.

How many consumers have been impacted by BlackRock's Emergency Savings Initiative? What is the consumer reach?

BlackRock's Emergency Savings Initiative is a B2B2C initiative, advancing systemic change in partnership with companies that deliver solutions to their employees and customers.

- Our approach to systems change is working with industry players who can provide tools and access for savings through their current channels as the best way to ensure long-term and wide adoption of emergency savings tools.
- For example, ESI is working with recordkeepers and payroll platforms to add emergency savings innovations to their current offerings. This provides access to these tools for millions of people.
- One example of this is the project that we undertook in partnership with UPS and Voya, which provided access to an emergency savings solution to 90,000 non-union employees in the United States. Another is our partnership with Voya who is increasing tools and opportunities to save for their plan participants.
- ESI industry expert research has informed product development and brand marketing with established partner fintech providers, leading to awareness and growth in consumer adoption for savings products.