Impact Metrics for Emergency Savings Programs

A reference guide for modeling outcomes and measuring impact for your emergency savings program

Chandni Ohri
Financial Health Network,
Senior Director,
Financial Services Solutions

Hannah Gdalman
Financial Health Network,
Senior Associate,
Financial Services Solutions

savingsproject.org

BlackRock's Emergency Savings Initiative

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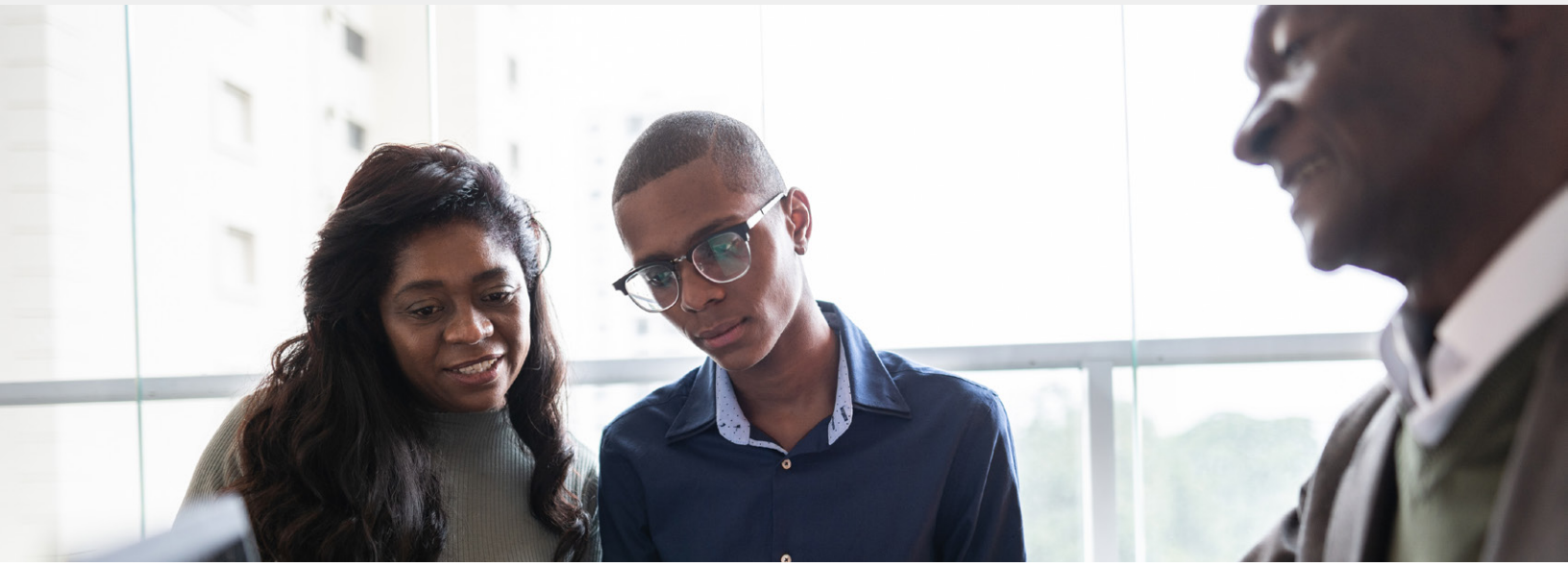
INTRODUCTION

Nearly a third of Americans don't have enough money saved to cover an unexpected expense of $400, and they're increasingly looking to their workplaces and financial providers for solutions. Emergency savings programs, as a result, are becoming more mainstream. Helping customers and employees to grow their emergency savings can unlock many benefits for businesses—from earning customer loyalty to boosting workplace productivity. Having a short-term savings cushion to address unexpected expenses also contributes to overall financial wellness and resiliency for program participants by omitting the need to make more costly financial maneuvers.

> "The ability to save money is a key indicator of an economy that works for everyone. That said, there are so many factors influencing the ability to save that it's important to look at saving from a variety of angles, from deposits to balances to other factors like the existence of debt. This impact metric list can help any organization, no matter how sophisticated, begin measuring programmatic impacts and seeing all of the angles."
>
> **Tim Lucas**
> Vice President of Research and Analytics, SaverLife

IMPACT GOALS AND PROCESS



BlackRock's ESI is a cross-sector program with a mission to help people living on low- to moderate-incomes gain access to and increase usage of proven savings strategies and tools—ultimately helping them establish an important safety net. ESI brought together companies and organizations to design, test and evaluate emergency savings programs. As more partners joined ESI to offer savings solutions to their employees and customers, it became even more critical to understand how best to define and measure savings success depending on the specific context and solution.

In early 2021, the Financial Health Network convened a diverse working group of industry experts from AARP Public Policy Institute, Aspen Institute Financial Security Program, Commonwealth, DCIIA Retirement Research Center, Nest Insight, Prudential Retirement Services and SaverLife who worked together to identify appropriate metrics to assess the effectiveness of short-term savings programs for use by organizations and employers at the forefront of savings innovation.

Working group members shared their own learnings and distinct experiences measuring savings success and together the group compiled a comprehensive list of more than three dozen impact metrics. This process brought to the fore the relationship between emergency savings and other contextual factors, such as consumer demographics, income/cost of living, amount of debt, the different patterns and flows that people use to save and draw down on savings, and the relationship between savings goals and broader savings impact.

As more recordkeepers, employers and financial organizations begin offering savings programs to consumers, they need flexible resources that help them measure program effectiveness over time. This document is an important tool for identifying a savings program's goals and helps benchmark and measure outcomes.

> "Through BlackRock's Emergency Savings Initiative and engaging with many institutions, we realized that organizations need help, not just in crafting their savings programs, but also at a more fundamental level of defining what exactly they are trying to change or impact."
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> **Chandni Ohri**
> Senior Director, Financial Services Solutions,
> Financial Health Network

HOW TO USE

The matrix below sheds light on how the metrics correlate with short-, mid-, and/or long-term impacts, if the data can be collected using transactional records and/or surveys, and whether there is benchmarking data available for purposes of comparison.[1]

[1] For metrics that have national benchmarking data available, any alterations to the survey question language may impact the ability to properly benchmark program-specific data.

Use a combination of these metrics to set goals and desired outcomes:

- Consider your organization's top goals and desired outcomes for your savings program.
- Find the metrics that match your goals.
  - What are the intended outcomes of your savings program? Consider outcomes such as: increased frequency for setting aside funds for unexpected expenses, increased ability to cover expenses in the absence of income, increased sense of financial wellbeing.
  - Program time horizon: How long do you intend to track this savings program? We view short-term impacts as occurring within one year of the savings intervention, medium-term impacts as occurring one to two years after the intervention, and long-term impacts occurring beyond two years.
- Use these metrics as the basis for how you design, measure and benchmark the outcomes of your savings program.

First consider the five categories of metrics. The metrics are designed to be used in relevant combinations rather than singular measures of success.

Consumer savings activity

The first section (A) evaluates consumer savings habits, such as how often or how regularly people save money for unexpected needs.

Typical scenarios for increased savings needs

The second section (B) addresses consumer readiness for typical emergency needs: unexpected expenses and the loss of income.

Relationship between short-term savings and other financial health impacts

The third section (C) examines other financial health indicators that correlate to savings. Such as the ability to pay bills on time and avoid late fees and high-cost debt.

Relationship of savings to overall financial health and security

The fourth section (D) surveys financial wellbeing, benchmarking people's ability to pay rent, afford food, ability to pay for medical care and basic necessities.

Factors that benefit overall well-being

The final section (E) helps employers assess whether their savings program impacts people's general wellbeing over time.

EXAMPLES

Example A

Organization ABC sees its employees are increasingly dipping into their 401k accounts–with significant financial penalty–to meet unexpected expenses. ABC sets a three-year strategic goal of creating a short-term savings program to **reduce the prevalence of early withdrawals**, maintain their employees' retirement savings habits and reduce the overall financial stress associated with cashing out of 401ks.

Organization ABC may consider collecting data on employee savings activity (Section A) and employees' ability to cover unexpected expenses (Section B). ABC might also track changes in withdrawals from retirement vehicles (Section C), as well as changes in employee wellbeing, particularly financial stress, from Section E.

Example B

Company XYZ sees rapid employee turnover and high employee stress levels. A financial health assessment shows that its employees struggle to meet emergency costs. Company XYZ sets a goal of **reducing turnover and stress** by creating a savings program through which they will match $50 per month of employees' contributions for up to 12 months.

In addition to measuring decreases in employee turnover rates, Company XYZ might look for positive changes in employee savings activity from Section A. XYZ might also track employees' ability to cover unexpected expenses or income loss (Section B), as well as any decreases in material hardship (Section D). Lastly, Company XYZ might measure changes to employee stress levels (Sections E).

> "In line with our focus on collaboration, we wanted to bring together a targeted working group focused on shifting the narrative of savings success by examining and redefining success metrics to standardize and adopt across the field. Working group members hailed from a variety of organizations and perspectives, but all shared a distinct focus on the broader topic of emergency savings."
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> **Hannah Gdalman**
> Senior Associate, Financial Services Solutions,
> Financial Health Network

METRICS

A. Emergency Savings Metrics: Savings Activity

The metrics in this section measure consumer savings activity. Many rely on transactional data to measure what, when, and how often people are saving. These can be measured beyond the short-term timeframe, as well.

Metric number	Metric name	Formula/ Definition	Source	Analytical strategy notes	Short-term impact metric	Medium-term impact metric	Long-term impact metric	Survey data	Transactional data	Benchmarking data
A1	Increased ability to set aside 3 months' worth of expenses	Have you set aside emergency or rainy day funds that would cover your expenses for 3 months in case of sickness, job loss, economic downturn, or other emergencies? 1. Yes 2. No 3. Don't know	FHN custom FinHealth Survey		✓	✓	✓	✓		✓
A2	Increased frequency setting aside $ for unexpected expenses	How often do you save money so that you could cover major unexpected expenses or a fall in income? 1. Very often 2. Often 3. Sometimes 4. Seldom 5. Never 6. Don't know	FHN custom FinHealth Survey		✓	✓	✓	✓		✓
A3	Increased ability to regularly set aside $ for emergencies	To what extent do you agree with the following statement: "I regularly keep money aside for emergencies or unexpected expenses" 1. Strongly disagree 2. Disagree 3. Neither Agree nor Disagree 4. Agree 5. Strongly Agree	FHN custom FinHealth Survey		✓	✓	✓	✓		✓
A4	Savings regularity	Regularity or frequency of savings deposits into designated account(s).		Within a given timeframe, how "regularly" are people making savings deposits? For example, measure the number of weeks or months with at least one savings deposit. Some savings solutions, for example round-up programs, can lead to very frequent deposits of very small amounts. Other solutions could lead to larger, infrequent deposits. Others are focused on windfall moments like tax time. So "success" here will very much depend on what the specific solution is.	✓				✓	

Metric number	Metric name	Formula/ Definition	Source	Analytical strategy notes	Short-term impact metric	Medium-term impact metric	Long-term impact metric	Survey data	Transactional data	Benchmarking data
A5	Timing/ frequency of withdrawals	Regularity or frequency of withdrawals from designated account(s). Is there a pattern to timing of withdrawals (certain time of the month/year/etc.)?		Less withdrawals isn't necessarily better. This metric should instead shed light on how savers are using their funds and if there are noteworthy patterns or seasonalities.	✓				✓	
A6	Number of deposits/ transfers made	How many deposits are made into designated account(s), regardless of value.		This metric gives visibility into savings behavior, as well as the level of savings engagement with the solution or product in question. This is not to say that more or less deposits is inherently better.	✓				✓	
A7	Inflows/ outflows over a period of time	Dollar value of deposits and/or withdrawals over a set period of time.		Here we are interested in $ amounts rather than the number of deposits/ withdrawals. This should give us insight as to the connection between savings and use of savings and how the relationship between inflows/outflows changes over time	✓				✓	
A8	Withdrawals as % of total deposits	Dollar value of withdrawals as a percentage of dollar value of deposits over a set period of time.		Here, we want to see people using their savings but also keeping some sort of buffer over time. It's about the balance between savings and withdrawal activity over time. In addition to examining savings account withdrawals as a % of savings account deposits, there is an option to examine deposits/ withdrawals summed across all accounts as a way to capture savings that are not formal - e.g., capturing a checking account buffer as savings.	✓				✓	
A9	Deposits as % of income	Dollar value of total deposits as a percentage of income over a set period of time.		Here we are interested in $ amounts rather than the number of deposits, and how that measures up to income	✓				✓	

B. Emergency Savings Impact Metrics: Level of Assets

The metrics in this section measure the extent to which people have a savings buffer available to them. These items have the option for national benchmarking data.

Metric number	Metric name	Formula/ Definition	Source	Analytical strategy notes	Short-term impact metric	Medium-term impact metric	Long-term impact metric	Survey data	Transactional data	Benchmarking data
B1	Increased ability to cover unexpected $400 expense	Suppose that you have an emergency expense that costs $400. Based on your current financial situation, how would you pay for this expense? a. Put it on my credit card and pay it off in full at the next statement b. Put it on my credit card and pay it off over time c. With the money currently in my checking/savings account or with cash d. Using money from a bank loan or line of credit e. By borrowing from a friend or family member f. Using a payday loan, deposit advance, or overdraft g. By selling something h. I wouldn't be able to pay for the expense right now	Financial Health Pulse Survey, adapted from the Federal Reserve Board's Survey of Household Economics and Decisionmaking (SHED)	Option 1: Look for a decrease in the % of respondents who select option H Option 2: Monitor use of high-cost credit or hardship and monitor the sum of B, F, G, and H (Note: steer away from monitoring the % who pick option C as an impact metric as it misrepresents impact for people who have plenty of savings and just prefer to put expenses on a credit card, for example.)		✓	✓	✓		✓
B2	Increased ability to cover expenses in absence of income	At your current level of spending, how long could you and your household afford to cover expenses, if you had to live only off the money you have readily available, without withdrawing money from retirement accounts or borrowing? 1. 6 months or more 2. 3-5 months 3. 1-2 months 4. 1-3 weeks 5. Less than 1 week	Financial Health Pulse Survey	Key FinHealth Score indicator: benchmarking data is available from the Financial Health Pulse and other financial institutions		✓	✓	✓		✓
B3	Increased ability to cover unexpected $2k expense	On a scale from 1-5 (with 1 being extreemly unlikely and 5 being extrememly likely), how likely is it that you would be able to come up with $2,000 if an unexpected need arose within the next month? 1. Extremely unlikely 2. Unlikely 3. Neutral 4. Likely 5. Extremely likely	New York Fed Survey of Consumer Expectations (SCE) Credit Access Questions www.newyorkfed.org/medialibrary/interactives/sce/sce/downloads/data/2015-sce-credit-access-survey-questionaire.pdf (adapted to 1-5 scale)			✓	✓	✓		

C. Other Financial Health Impacts

The metrics in this section draw on the connections between savings and the use of high-cost credit products and/or avoidance of fees as it pertains to financial health.

Metric number	Metric name	Formula/ Definition	Source	Analytical strategy notes	Short-term impact metric	Medium-term impact metric	Long-term impact metric	Survey data	Transactional data	Benchmarking data
C1	Increased ability to pay bills on time	Which of the following statements best describes how your household has paid its bills over the last 12 months? My household has been financially able to: 1. Pay all of our bills on time 2. Pay nearly all of our bills on time 3. Pay most of our bills on time 4. Pay some of our bills on time 5. Pay very few of our bills on time	Financial Health Pulse Survey		✓	✓	✓	✓		✓
C2	Decrease in late fees	In the past 12 months, have you been charged a late payment fee for any of the following (select all that apply) Do not include overdraft fees incurred with your bank 1. Utilities (e.g. electricity or gas bill) 2. Rent or mortgage 3. Car loan 4. Other loan 5. Auto insurance 6. Cable, internet, or phone bill 7. Other insurance 8. Other 9. None of the above For each "yes" answer: take your best guess, how many time have you or anyone else in your household paid a late fee for responses 1-8 in the past 12 months? Write in the number of times for each.	Doxo U.S. bill pay reports, most common bills www.doxo.com/insights/u-s-utilities-market-size-and-household-spending-report/		✓	✓	✓	✓	✓	
C3	Reductions in overdraft (fees)	Transactional (incidence of account dipping below a certain dollar threshold) and/or In the last 12 months, have you or anyone else in your household been charged any fee for not having enough money in your checking account to pay for a purchase or charge that came in? This could be called an overdraft fee, a non-sufficient funds fee, or a bounced check fee. 1. Yes 2. No 3. I don't know If yes: taking your best guess, how many times have you or anyone else in your household paid one of these overdraft fees, non-sufficient funds fees, or bounced check fees in the past 12 months? [Write In 0 - 100]	FinHealth Spend Survey		✓	✓	✓	✓	✓	✓

Metric number	Metric name	Formula/ Definition	Source	Analytical strategy notes	Short-term impact metric	Medium-term impact metric	Long-term impact metric	Survey data	Transactional data	Benchmarking data
C4	Reduced use of high-cost credit products	In the past 12 months, did you or anyone in your household do any of the following activities at some place other than a bank or credit union? Select all that apply. –Took out a payday loan or received a payday advance loan –Took out a pawn shop loan –Took out a loan that requires the borrower to provide the title to their car in exchange for borrowing money for a short period of time? These are often called auto title loans. This is different from a loan used to purchase a car. –Rented any items such as furniture or appliances from a rent-to-own store? –Took out a refund anticipation check (RAC) when filing taxes? A RAC is an arrangement in which you agree to pay a fee to delay paying the price charged for tax preparation services. The tax preparation charges and the fee for the RAC itself are then deducted from your tax refund before you receive the money.	FinHealth Spend Survey (adaptation)	Option to use transactional data: Measure incidence of AFS merchant names in debit/credit transaction descriptions	✓	✓	✓	✓	✓	
C5	Decrease in revolving credit balances	Do you or anyone in your household currently have any outstanding credit card balances carried over from previous months? –Yes, I do –Yes, someone else in my household does –No; Don't Know If yes, please estimate the amount your household currently owes in outstanding credit card balances carried over from previous months. If you aren't sure, your best guess will do. [Write in]	Financial Health Pulse Survey	Option to use transactional data: Measure revolving credit balances	✓	✓	✓	✓	✓	
C6	Increase in credit score	How would you rate your credit score? Your credit score is a number that tells lenders how risky or safe you are as a borrower. 1. Excellent 2. Very Good 3. Good 4. Fair 5. Poor 6. Don't know	Financial Health Pulse Survey	Option to use transactional data: Measure change in credit score over a set period of time		✓	✓	✓	✓	✓
C7	Decr. withdrawals or loans from retirement vehicles	In the past 12 months, have you or anyone else in your household removed money from your employer-provided retirement account [such as a 401k, 403(b) or Thrift Savings Plan (TSP), etc.] In any of the following ways? Do not include rollovers from one retirement account to another one. Please select all that apply. 1. Loan before the age of 59 ½ 2. Withdrawal upon leaving an employer before the age of 59 ½ 3. Withdrawal before the age of 59 ½ 4. Withdrawal after the age of 59 ½ 5. None of the above In the past 12 months, have you or anyone else in your household removed money from your individual retirement account not provided by an employer (such as an IRA, Keogh, SEP, or any other retirement fund)? Do not include rollovers from one retirement account to another one. Please select all that apply. Withdrawal before the age of 59 ½; Withdrawal after the age of 59 ½; None of the above	FinHealth Spend Survey	Option to use transactional data: Measure incidence of withdrawals from retirement vehicles over a set period of time			✓	✓	✓	✓

D. Emergency Savings Impact Metrics: Holistic Financial Health/Material Well-being

The metrics in this section assess the extent to which savings connect to overall financial health and financial situation/ material hardship. Many of these items have the option for national benchmarking data.

Metric number	Metric name	Formula/ Definition	Source	Analytical strategy notes	Short-term impact metric	Medium-term impact metric	Long-term impact metric	Survey data	Transactional data	Benchmarking data
D1	Improvement in FinHealth Score	FinHealth Score Toolkit questions	finhealthnetwork.org/tools/financial-health-score/			✓	✓	✓		✓
D2	Perceived progress towards long term savings goal(s)	Thinking about your household's longer term financial goals such as saving for a vacation, starting a business, buying or paying off a home, saving up for education, putting money away for retirement, or making retirement funds last. How confident are you that your household is currently doing what is needed to meet your longer term goals? 1. Very confident 2. Moderately confident 3. Somewhat confident 4. Slightly confident 5. Not at all confident	Financial Health Pulse Survey		✓	✓	✓	✓		✓
D3	Increased sense of financial wellbeing	CFPB Financial Wellbeing Scale	files.consumerfinance.gov/f/documents/bcfp_fin-well-being_full-scorecard.pdf		✓	✓	✓	✓		✓
D4	Improved subjective financial situation	How well would you say you yourself are managing financially these days? 1. Living comfortably 2. Doing alright 3. Just about getting by 4. Finding it quite difficult 5. Finding it very difficult	UK Understanding Society Survey		✓	✓	✓	✓		
D5	Increased food security	In the past 12 months, I worried whether our food would run out before I got money to buy more. 1. Often 2. Sometimes 3. Rarely 4. Never	Financial Health Pulse Survey				✓	✓		✓
D6	Increased ability to afford rent/mortgage	Was there a time in the past 12 months when you/your household did not pay the full amount of the rent or mortgage? 1. Yes 2. No 3. Don't Know	aspe.hhs.gov/sites/default/files/migrated_legacy_files//40716/report.pdf	"Material hardship" can be measured as a combination of indicators for: Food security; Housing; Unmet medical need; and Ability to afford basic necessities			✓	✓		
D7	Decreased incidence of eviction	During the last 12 months were you/anyone in your household evicted from your home or apartment for not paying rent or mortgage?	aspe.hhs.gov/sites/default/files/migrated_legacy_files//40716/report.pdf				✓	✓		
D8	Increased ability to afford rent/mortgage	In the past 12 months, we had trouble paying our rent or mortgage. 1. Often 2. Sometimes 3. Rarely 4. Never	Financial Health Pulse Survey				✓	✓		✓

Metric number	Metric name	Formula/ Definition	Source	Analytical strategy notes	Short-term impact metric	Medium-term impact metric	Long-term impact metric	Survey data	Transactional data	Benchmarking data
D9	Decreased unmet medical need	In the past 12 months, I or someone in my household did not get healthcare we needed because we couldn't afford it. 1. Often 2. Sometimes 3. Rarely 4. Never	Financial Health Pulse Survey							✓
D10	Decreased unmet pharma need	In the past 12 months, I or someone in my household stopped taking a medication or took less than directed due to the costs. 1. Often 2. Sometimes 3. Rarely 4. Never	Financial Health Pulse Survey							✓
D11	Increased ability to afford basic necessities	In the past 12 months, has there been a time when your household: a. Did not pay the full amount of the gas, oil, or electricity bills? b. Had service turned off by the gas company, or oil company would not deliver oil? c. Had service disconnected by the telephone company because payments were not made?	aspe.hhs.gov/sites/default/files/migrated_legacy_files//40716/report.pdf							

E. Emergency Savings Impact Metrics: General Well-being

Whille it is unlikely that a single savings intervention will lead to a change in the following areas, the metrics in this section are a good way to assess whether a combination of factors (e.g. an employer raising wages, offering savings programs, along with other interventions) can lead to overall changes in general well-being over time.

E1	Reduced financial stress	How much stress do your finances cause you? 1. High stress 2. Moderate stress 3. Some stress 4. No stress	Financial Health Pulse Survey			✓	✓	✓		✓
E2	Increased upward mobility	Imagine a ladder showing where people stand in the United States. At the top are the people who are best off—those who have the most money, the best education, and the most respected jobs. At the bottom are the people who are worst off—those who have the least money, the least education, and the least respected jobs or no job. Where would you place yourself on this ladder? 10. Top of the ladder - 1. Bottom of the ladder	www.federalreserve.gov/publications/appendix-b-consumer-responses-to-survey-questions.htm				✓	✓		
E3	Improved personal wellbeing	Overall Wellbeing: www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/methodologies/personalwellbeingsurveyuserguide								
E4	Improved mental health	Kessler Psychological Distress Scale: www.tac.vic.gov.au/files-to-move/media/upload/k10_english.pdf					✓	✓		
E5	Improved generational financial well-being	Think of your parents when they were your age. Would you say you (and your family living with you) are better off, the same, or worse off financially than they were? 1. Much better off 2. Somewhat better off 3. About the same 4. Somewhat worse off 5. Much worse off	www.federalreserve.gov/publications/appendix-b-consumer-responses-to-survey-questions.htm			✓	✓	✓		

CONCLUSION

Emergency savings can help protect consumers from financial shocks and build resilience over time. In fact, the consumer impact of short-term savings has important implications on factors related to increased ability to cover bills and overcome hardships, to lower stress and improved financial health in the long-term. As employers, recordkeepers and other organizations implement solutions designed to help consumers build savings buffers, we invite them to use these impact metrics to set their program goals and objectives and measure savings success over time. For access to the latest research on the importance of short-term savings, visit savingsproject.org.

AUTHORS

Chandni Ohri
Senior Director, Financial Services Solutions,
Financial Health Network

Chandni Ohri is a Senior Director at the Financial Health Network on the Financial Services Solutions team, where she leads research and consulting projects and manages key client relationships. With close to 20 years of experience in financial services, microfinance, and international development, she provides subject matter expertise in the areas of savings, customer behavior, and digital financial services.

Hannah Gdalman
Senior Associate, Financial Services Solutions,
Financial Health Network

Hannah Gdalman joined the Financial Health Network as a Stevenson Center Fellow, drawn to the organization's consistent focus on improving financial health as well as its progressive and collaborative work culture. As a Senior Associate on the Financial Services Solutions team, she supports financial services providers with research, tools, and behaviorally informed insights to prioritize consumer financial health.

CONTRIBUTING ORGANIZATIONS

AARP Public Policy Institute

Aspen Institute Financial Security Program

BlackRock

Commonwealth

DCIIA Retirement Research Center

Financial Health Network

Nest Insight

Prudential Retirement Services

SaverLife

CONTACT / FEEDBACK

For more information about the Impact Metrics for Emergency Savings Programs, please contact us at https://finhealthnetwork.org/about/contact.

ABOUT BLACKROCK'S EMERGENCY SAVINGS INITIATIVE

In February 2019, BlackRock launched its Emergency Savings Initiative (ESI), a $50 million philanthropic commitment to help people living on low- to moderate-incomes gain access to proven savings strategies and tools to help them establish an important safety net. ESI's goal is to demonstrate the most effective savings solutions that can be provided at scale through a number of different channels. For more information, go to www.savingsproject.org.

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