

## ASSET BUILDING PROGRAM

# EXPLORING THE RELATIONSHIP BETWEEN ASSET HOLDING AND FAMILY ECONOMIC STRAIN

DAVID W. ROTHWELL AND ANNA GOREN, MCGILL UNIVERSITY

JUNE 2011

A recent Gallup Poll captured the social zeitgeist of an America attempting to emerge from the 2008 Great Recession.<sup>1</sup> The nationally representative survey showed that feelings of psychological distress such as worry, anger, and depression increased with the duration of joblessness. Less than 40 percent of those who had been searching for a job for at least 11 weeks rated their lives as ‘thriving’, while most unemployed Americans expected that they would have to settle for a job that they did not want. These feelings are pervasive in the country with the unemployment rate having reached 9.6 percent in 2010, the highest annual rate since 9.7 percent in 1982.<sup>2</sup> Well beyond its onset, it is clear that the Great Recession has taken a severe and extensive toll on American families. This toll is likely to be especially hard felt for families who already scrape-by on limited earnings and are more likely to work in temporary, part-time, and unstable jobs.

It is important for policymakers to understand how families experience and interpret economic strain at a time when many are struggling to respond to and cope with negative financial events. Strain brought about by economic conditions is considered a type of psycho-social stress experienced both at the individual level and the family (collective) level. Economic strain is defined as the psychological pressure felt when family economic resources are not sufficient to continue established patterns of family functioning and norms. In the following, we highlight how asset holdings (savings, checking, homes, vehicles, and retirement accounts), as distinctly separate from household income, matter for families as they manage economic strain. This research brief has three objectives. First, we review the evidence on the direct and indirect stresses that are placed on individuals and families during times of economic downturn. Second, we summarize recent

research findings by Rothwell and Han showing how assets function as a stress-suppressor (i.e., they directly and indirectly reduce economic strain as measured by nine items assessing the extent to which families felt they could make ends meet financially).<sup>3</sup> Third, we emphasize the importance of short-term discretionary savings (SDS) and underscore two policies that show promise for building asset security among families traditionally left out from mainstream asset building opportunities.

---

<sup>1</sup> Mendes, Elizabeth and Lydia Saad (2011). “For Unemployed, Length and Scale of Job Search Affects Well Being.” Gallup. Retrieved from <http://www.gallup.com/poll/146345/unemployed-length-scale-job-search-affects-wellbeing.aspx>.

<sup>2</sup> Bureau of Labor Statistics (2011). “Employment status of the civilian noninstitutionalized population, 1940 to date.” Washington, DC.

<sup>3</sup> Rothwell, David W. and Chang-Keun Han (2010). “Exploring the Relationship between Assets and Family Stress among Low-Income Families.” *Family Relations*, 59 (4): 396-407. doi:10.1111/j.1741-3729.2010.00611.x

---

## Context

The hardship stemming from the Great Recession is widespread. Since December 2007, real median household income has declined 4.2 percent, while poverty has swelled by over 6 million individuals to 14.3 percent of the population (43,569,000 individuals), including an increase of 2 million children.<sup>4</sup> A series of 14 national surveys conducted between 2008 and 2010 by RAND Labor and Population revealed that 39 percent of American households experienced economic strain (measured by unemployment, falling more than 2 months behind on mortgage payments, or negative home equity).<sup>5</sup> To gain

---

Economic strain is defined as the psychological pressure felt when family economic resources are not sufficient to continue established patterns of family functioning and norms.

---

into how families might be responding to the current Recession, it is instructive to review the literature on how past economic downturns directly and indirectly affect households. Elder's seminal longitudinal study of children of the Great Depression in the 1930s introduced the idea that the strains brought to families by economic events can span a life-course.<sup>6</sup> The study revealed that family strain brought upon by rising economic demands tested a family's adaptive coping skills and resiliency. Further, the economic conditions disrupted patterns of employment and work, as traditional economic roles were redefined with women and adolescents assuming more economic responsibility. A study of the later 1974-75 Recession found that macroeconomic conditions explained psychological

functioning among workers. Changes in job characteristics related to the Recession (e.g., increased job demands and reduced pay) were directly related to approximately 20 percent of the total change in a measure of distress and 47 percent of the total change in a measure of life dissatisfaction.<sup>7</sup>

There is reason to believe that external economic events indirectly affect families. As firms and companies downsize, workers who have not lost their jobs confront furloughs, reduced salaries, and increased responsibilities in the workplace.<sup>8</sup> These pressures are likely to spillover from the person who acutely experiences the strain to negatively impact family relations. Others have been impacted based on their life-course position. Rising tuitions mean that college graduates are being saddled with more and more student loan debts, but as a result of the Recession their job prospects are more dismal. The Recession will reach those who are now contemplating higher education as well—it is predicted that over the next decade, 3.2 million people will pass up the opportunity to go to college because they perceive it to be unaffordable.<sup>9</sup> Reduced child well-being is one of the most noted indirect influences of economic downturns. One study showed that parental job loss was linked to significant increases in a child's probability of repeating a grade in school.<sup>10</sup> As the data suggest, family economic strains are presently at heightened levels, and these strains impact individuals and families. The result will be long-lasting, with economic and psychological consequences spanning the life-course and enduring well beyond the economy's return to growth.

---

<sup>7</sup> Tausig, Mark and Rudy Fenwick (1999). "Recession and Well Being." *Journal of Health and Social Behavior*, 40 (1): 1-16.

<sup>8</sup> *The Economist* (June 25, 2009). "The Quiet American: Employees are Proving Stoical in the Face of Paycuts and Compulsory Unpaid Leave."

<sup>9</sup> Featherstone, Liza (June 29, 2009). "Out of Reach: Is College Only For the Rich?" *The Nation*.

<sup>10</sup> Huff Stevens, Ann and Jessamyn Schaller (2011). "Short-Run Effects of Parental Job Loss on Children's Academic Achievement." *Economics of Education Review*, 30 (2): 289-299.

---

<sup>4</sup> DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica C. Smith (2010). "Income, Poverty, and Health Insurance Coverage in the United States: 2009." Washington, DC: U.S. Census Bureau.

<sup>5</sup> Elder, Glen H (1999). "Children of the Great Depression." Boulder, CO: Westview Press.

<sup>6</sup> Ibid.

---

## Assets and Family Stress

Understanding the family stress process during difficult economic times allows stakeholders to (a) better prevent the onset of family economic strain, and (b) lessen the impact of family economic strain after its onset. The Family Stress Model (FSM) is a widely cited theoretical framework used to understand how economic pressures affect families.<sup>11</sup> The FSM recognizes that economic adversity such as job loss or reduced income will lessen families' abilities to meet material needs, pay bills and rent/mortgage, and spend on pro-social activities, goods, and services. These experiences become important when they assume psychological meaning in the form of detrimental emotions (depression, fear, frustration, uncertainty, panic). When these emotions become overwhelming, they have rather obvious implications for individual well-being, family relations, and the family life course. To illustrate how the FSM functions, a careful longitudinal study of Iowa families showed that economic stress led to parental emotional problems that then affected other family members both directly and indirectly.<sup>12</sup> In other words, economic events cause the heads of households to experience emotional stress (economic strain) and this economic strain then causes negative outcomes for families such as marital discord or poor child-parent relations.

When stresses such as external economic events are introduced to a family system, members respond in a variety of ways. Families typically draw upon economic, physical, environmental, social, and psychological resources to cope. Specifically among economic resources, monthly income serves an essential role in sustaining families. Most research on families from the FSM perspective has accordingly used income as a proxy measure of economic

well-being. However, there are valid reasons to believe that economic resources encompass more than monthly flows of earnings and income. Sherraden was among the first scholars to describe the importance of asset holding for social welfare and social welfare policy.<sup>13</sup> Over the past 25

---

The field of family studies has been slow to acknowledge and test the potentially positive role of assets in the stress management process. Recent empirical research, however, shows that asset ownership might play an important role in family relations, and specifically for how families manage stress.

---

years, the merits and drawbacks of asset holding have preoccupied researchers from various backgrounds (viz., economics, policy, social welfare, and sociology). The field of family studies has been slow to acknowledge and test the potentially positive role of assets in the stress management process. Recent empirical research, however, shows that asset ownership might play an important role in family relations, and specifically for how families manage stress. Speaking to the importance of economic resources Conger and Conger explained, "When high levels of a resource variable [assets] are present, adversity is much less likely to reduce competent functioning."<sup>14</sup> For example, if economic strain is introduced into two family systems, the family with an ample supply of resources (including, but not limited to economic resources) is more likely than the family with insufficient resources to adjust and adapt to the strain. The difficult task is to identify the types of resources that matter most and determining what is an ample supply to ensure regular family functioning.

---

<sup>11</sup> For an excellent review of the FSM, see Conger, Rand D. and M. Brent Donnellan (2007). "An Interactionist Perspective on the Socioeconomic Context of Human Development." *Annual Review of Psychology*, 58: 175-199.

<sup>12</sup> The study examined individual social, emotional, and cognitive functioning as well as family relationships. Economic strain increased both husbands' and wives' emotional distress and this increases marital conflict. See Conger, Rand D. and Katherine J. Conger (2002). "Resilience in Midwestern Families: Selected Findings from the First Decade of a Prospective, Longitudinal Study." *Journal of Marriage and Family*, 64 (2): 361-373.

---

<sup>13</sup> Sherraden, Michael (1991). "Assets and the Poor: A New American Welfare Policy." Armonk, NY: M.E. Sharpe.

<sup>14</sup> Conger & Conger, p. 370 (2002).

---

One timely study using the Survey of Income and Program Participation established important relationships (but not causation) between asset holding and family functioning.<sup>15</sup> First, asset-poor families were more likely than non asset-poor families to experience negative events (involuntary job loss, health related work limitations, or a parent leaving the family). Second, asset-poor families were more likely to experience deprivation, after controlling for other factors including income.<sup>16</sup> Lastly, 40 percent of families spent down their assets after experiencing a negative event (i.e., assets functioned as a buffer).<sup>17</sup> Another study focused on how assets influenced marital relationships. The research showed that asset ownership was associated with a reduced hazard of divorce (with the relationship mediated by marital satisfaction and feelings of structural commitment).<sup>18</sup>

---

Ultimately, we found evidence that assets have a direct and indirect relationship (via negative financial events) on family economic strain.

---

To advance the understanding of how assets affect family strain among low-income families, Han Chang-Kuen at the National University of Singapore and I (Rothwell) recently published the study, “Exploring the Relationship Between Assets and Family Stress Among Low-Income Families,” in the journal *Family Relations*. We exploited a dataset from the Tulsa, OK Community Action Project of Tulsa County (CAPTC) Individual Development Account (IDA) program that included 839 low-income families. In the study, we

---

<sup>15</sup> McKernan, Signe-Mary, Caroline Ratcliffe, and Katie Vinopal (2009). “Do Assets Help Families Cope with Adverse Events (Brief 10)?” Washington, DC: The Urban Institute.

<sup>16</sup> Deprivation measured as two or more of the following indicators: (1) food insecurity and (2) food insufficiency; (3) trouble paying basic bills; (4) someone in the household reporting not seeing a doctor or (5) a dentist when in need of one; (6) inability to pay rent or mortgage; (7) inability to pay utility or medical bills; (8) having the phone line disconnected or (9) the gas or electric cut off because of an inability to pay; or (10) eviction from home or apartment because of inability to pay rent or mortgage.

<sup>17</sup> McKernan, et. al. (2009).

<sup>18</sup> Dew, Jeffrey (2009). “The Gendered Meaning of Assets for Divorce.” *Journal of Family and Economic Issues*, 30 (1): 20-31.

used data from Wave 1 (W1) gathered in 1999 and Wave 3 (W3) collected in 2003. The dependent variable was family economic strain at W3. This construct was measured by nine items asking if families could afford a suitable home and furniture, clothing, transportation, food, etc. The independent variable was asset holding at W1 in the form of home value, liquid asset value, and retirement asset value. Controlling for a host of demographic factors, income, and W1 family economic strain, we found three important relationships. First, asset holding at W1 was directly and negatively related to family economic strain at W3. In other words, assets were associated with decreased levels of family stress 4 years later. Second, asset holding was directly related to a reduced likelihood of experiencing negative economically stressful events (employment loss and income decline). Third, assets were indirectly related to reduced family economic strain through their relationship with the economically stressful events. Ultimately, we found evidence that assets have a direct and indirect relationship (via negative financial events) on family economic strain.

The study is useful for our discussion of the current Recession because it suggests that asset holding for low-income families serves as a *stress suppressor*.<sup>19</sup> For example, holding long-term assets (home and retirement) and short-term assets (savings and checking) reduces strain directly and indirectly by decreasing the chances of negative financial events (see Figure 1). This indirect influence of assets may be explained by a psychological impact of asset holding (assets may introduce a future orientation), social processes (people with assets may have access to various forms of social and political capital), or economic processes such as access to credit or earnings mobility.<sup>20</sup> The exact causal mechanisms by which assets function as a stress suppressor are not clear and need to be further clarified by

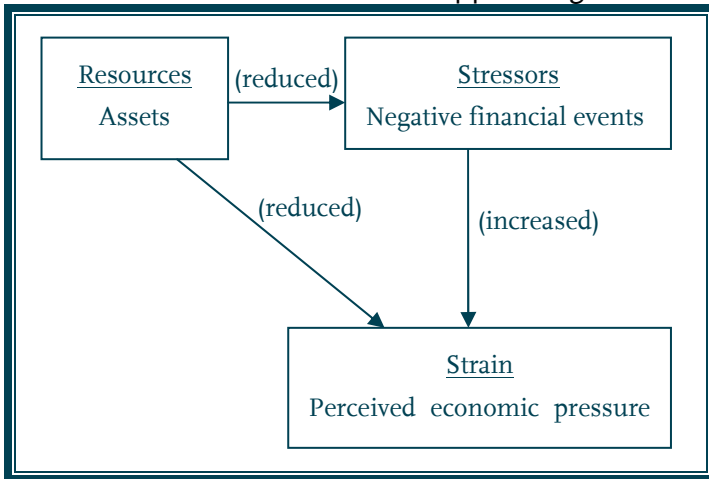
---

<sup>19</sup> Ensel, Walter M. and Nan Lin (1991). “The Life Stress Paradigm and Psychological Stress.” *Journal of Health and Social Behavior*, 32 (4): 321-341.

<sup>20</sup> Morillas, Juan R. (2007). “Assets, Earnings Mobility, and the Black/White Gap.” *Social Science Research*, 36 (2): 808-833.

prospective research.<sup>21</sup> We note that findings should be interpreted cautiously because of the study's methodological limitations.<sup>22</sup>

FIGURE 1. Assets as a Stress-Suppressing Variable



## Policy Implications

Families that are able to endure and adapt to negative financial events have a complicated set of family resources (family coping patterns, resiliency, identity, etc.). They must also have access to external resources. The research discussed above strongly indicates that asset holding plays an important function in this stress management process.

Numerous policies encourage savings and asset development. For most of the middle class, employers offer matched savings through 401(k)s, and many employees are encouraged to open Individual Retirement Accounts. Incentives in the tax code form another substantial avenue to asset accumulation (e.g., home interest mortgage deduction). These tax expenditures make up an alarming

<sup>21</sup> The family stress process is complex and not linear (e.g., feedback loops) and involves more variables than those included in the study. Additional variables could include financial events both positive and negative, e.g., job promotion, earnings increase, bankruptcy, and health-related work limitations. New research at The Center for the Developing Child is pioneering how various stressors (positive, tolerable, and toxic) physiologically affect child development. See Shonkoff, Jack P. (2010). "Building a New Biodevelopmental Framework to Guide the Future of Early Childhood Policy." *Child Development*, 81 (1): 357–367. It will be important to specify how different types of assets (financial v. nonfinancial) influence the family stress process.

<sup>22</sup> External validity is an issue as the sample does not represent the population of low-income families. Self-selection and unobserved variable bias are limitations as the families in this study voluntarily enrolled in the CAPTC IDA program.

portion of the federal budget and are not accessible to most low-income families. Matched savings mechanisms for the poor, such as Individual Development Accounts, have expanded rapidly since their introduction in the late 1990s. Targeted child savings accounts have been pioneered in many countries, and the UK experimented with universal child savings from 2003 to 2010. It is important to note that most of these asset building policies are designed to promote long-term asset growth, and we unequivocally support such efforts aiming at long-term social development. However, with many withdrawal restrictions, assets accumulated via matched savings programs are not easily liquidated or accessible, and therefore may have limited utility for families who experience unexpected economic adversity. Based on the research and theory about how families experience economic strain, we suggest complementing long-term asset policies with more and better opportunities for short-term discretionary savings (SDS).

Many Americans do not have access to institutional savings structures. For example, lower income families often do not have access to savings plans such as 401(k)s which are more often provided by stable long-term employers. The paltry supply of SDS options is an acute problem for low-income families. In their study of low-income banking services in Detroit, Barr and Blank concluded that many low- and moderate-income earners, "rely on expensive, short-term credit (formal or informal), and have limited access to the financial services that many middle-class families take for granted."<sup>23</sup> In light of research findings on family economic strain, the mismatch between the SDS needs of low-income families and the policy options available suggests that governments and financial institutions might address family economic strain by revising the array of products offered to families, especially low-income ones. Furthermore, the existing system of retirement savings focuses on ensuring security after one's working life, at the expense of short-term savings. There is consequently a

<sup>23</sup> Barr, Michael and Rebecca Blank (2009). *Insufficient Funds*. New York, NY: Russell Sage Foundation, p. 7.

---

need for policies addressing the education- and work-centric stages of the life course that will indirectly affect young families.<sup>24</sup>

---

As more families maintain asset resources to draw upon, families will be better equipped to weather financially stressful events. Short-term savings can be supported by state and federal governments and eventually extending towards banks and other financial institutions linked to employers.

---

On the demand side, many families do not possess the financial know-how to jumpstart the SDS process. One national study showed that households correctly answered two-thirds of a 28-item index of financial knowledge that covered cash-flow management, credit, savings, investment, mortgages, and other topics.<sup>25</sup> The same study also documented a clear connection between financial knowledge and actual savings behavior: households with low financial knowledge were less likely to save and households with high financial knowledge were more likely to save. Further, a series of surveys from 1991 to 2004 by John Hancock Financial Services documented a lack of financial knowledge among more than a third of defined contribution plan participants. And this trend appears to be worsening as 42 percent reported little or no investment knowledge in 2002.<sup>26</sup> In addition, Americans' knowledge of earnings on savings, mortgage rates, social security benefits, and other indicators are troublingly low. Another study showed that many had an increasingly passive

attitude towards savings for retirement, a finding that also builds the rationale for more SDS opportunities.<sup>27</sup>

At least two existing policies show promise for SDS. Underlying the first policy is the need to connect the unbanked to a financial institution. Recent estimates suggest that 9 million American households survive without bank accounts.<sup>28</sup> Another 21 million households are underbanked, meaning that they have a bank account which does not fully meet their needs, leading to a reliance on fringe-banking services (check cashing, payday lending, etc.) which are overrepresented in ethnic and low-income communities.<sup>29</sup> Income determines who is banked, and a person making \$30,000 or less is more than 7 times as likely to be unbanked as someone making \$50,000 or more.<sup>30</sup> The poor thus pay the added cost of high check cashing fees and other costly services, and lack the bank's added incentives for saving. More worryingly, those who store money "under the mattress", as Sherraden and McBride found in their study of IDA participants, are more likely to spend or even lose the money they have earned.<sup>31</sup> Banking the unbanked would provide alternatives to the fringe-banking industry whose high fees strip low-income families of their already low earnings.

The Bank On program has potential to reduce the national prevalence of unbanked households. The Bank On USA Program is a targeted effort to revise current banking services and reach out to the unbanked. It is built on the following basic tenets: easy accessibility via elimination of maintenance fees; minimum balance fees and free use of ATM cards; campaigns targeted at particular groups (i.e. youth) or seasonal campaigns (i.e. tax season for tax

---

<sup>27</sup> Beshears, John, James J. Choi, David Laibson, Brigitte C. Madrian, and Brian Weller (2010). "Public Policy and Saving For Retirement: The 'Autosave' Features of the Pension Protection Act of 2006." In John J. Siegfried (Ed.). *Better Living Through Economics* (pp. 274-290). Cambridge, MA: Harvard University Press.

<sup>28</sup> Federal Deposit Insurance Corporation (2009). "National Survey of Unbanked and Underbanked Households." Washington, DC: FDIC.

<sup>29</sup> Stuldreher, Anne. "Bank On San Francisco Pilot Case Study." Washington, DC: New America Foundation.

<sup>30</sup> Federal Deposit Insurance Corporation (2009).

<sup>31</sup> Sherraden, Margaret and Amanda Moore McBride (2010). "Striving to Save." Ann Arbor, MI: University of Michigan Press.

---

<sup>24</sup> MDRC Policy Project (2011). "Autosave: Agenda, Scope, and Goals." New York, NY.

<sup>25</sup> Hilgert, Marianne, Jeanne Hogarth, and Sondra Beverly (2003). "Household Financial Management: The Connection between Knowledge and Behavior." *Federal Reserve Bulletin*, 89 (7): 309-322.

<sup>26</sup> Gates, Wayne (2002). "Insight into Participant Investment Knowledge & Behavior." John Hancock Financial Services. Retrieved from <http://www.jhancockstructures.com/gsfpsurvey2002.pdf>.

---

refunds); and financial literacy. A Bank On pilot campaign targeting recipients of tax refunds (which, for many low-income families, are the biggest deposits they receive all year) will get underway in the spring of 2011.<sup>32</sup> A Bank On USA Program in Washington, DC targeted youth by reducing fees, minimum deposits, and other barriers, hoping to instill longer term financial behaviors and connections with lower cost financial institutions which would prevail throughout working life. Bank On has enjoyed political support from Democrats, (President Obama's 2010 budget allotted \$50 million for the "Bank On USA" Initiative).<sup>33</sup>

AutoSave is the second policy to promote SDS among families. Often with multiple dependents and complex financial management choices (e.g., health, education, and recreational activities) entire families bear the brunt of financial emergencies.<sup>34</sup> By encouraging SDS, the AutoSave policy cushions the blow of unexpected financial events. The initiative is administered by employers and makes savings automatic, flexible, inclusive, and accessible at any time. AutoSave was conceived prior to the Recession (2005) and sparked by the realization that America had a negative personal savings rate for the first time since the 1930s.<sup>35</sup> AutoSave holds potential to promote SDS through employer-sponsored savings plans that include direct deposit and automatic enrollment. The idea leverages the powerful force of 'indecision' to propel savings forward through auto-enrolling. AutoSave takes little administration, and sometimes offers support structures such as financial literacy courses to occur in tandem with the program. AutoSave accounts are typically open to all workers in a firm, and most often, the employer does most of the work for the saver who shoulders no extra costs. Most

notably, savers have the option to opt-out at anytime, set contribution rates, or access the savings.<sup>36</sup>

The AutoSave structure has been piloted since 2009 in eight workplaces. Direct deposit and 'split pay' features were seen to be important to the implementation of this program because they leverage behavioral principles of limiting decision, but which are widely underused by employers and eligible employees.<sup>37</sup> Findings from the AutoSave pilot are not yet available, although a separate study on similar automatic savings plans showed that once AutoSave features were enacted, participation in savings jumped from 50 percent to 90 percent.<sup>38</sup> Still, people may be reluctant to change the default saving rates after enrollment, and the impact of this over the long term has not been examined by research. At the federal and state government levels, AutoSave programs could be enacted with public workers. Additionally, states could experiment with offering a version of AutoSave to welfare recipients.

## Conclusion

As the economy rebounds, state and federal governments face severe fiscal pressures. Estimates suggest that 44 states and the District of Columbia will experience budget shortfalls in 2012.<sup>39</sup> Dramatic cuts in social spending are being made and will continue for the foreseeable future. At writing, political forces have come to loggerheads over the budget. Policy decisions today will greatly impact the development of America's children in ways that will endure well past the end of the current recession. Moving beyond the Recession, institutions (public and private) must be innovative in providing opportunities that did not exist prior to the Recession. These opportunities should enhance

---

<sup>32</sup> Office of the United States Treasury (2010). "Treasury Announces New Pilot to Help Deliver Safe, Low-Cost Financial Accounts during Tax Season." Retrieved from <http://www.treasury.gov/press-center/press-releases/Pages/tg843.aspx>.

<sup>33</sup> Martin, Phil (2010). "A New Partnership to Promote Financial Education and Savings Programs." U.S. Department of Education, Office of the Secretary. Retrieved from <http://www.ed.gov/blog/2010/11/a-new-partnership-to-promote-financial-education-and-savings-programs/>.

<sup>34</sup> McKernan, et al. (2009).

<sup>35</sup> Cramer, Reid (2006). "Autosave Overview." Washington, DC: New America Foundation.

<sup>36</sup> Lopez-Fernandini, Alejandra, Ellen Seidman, and Caroline Schultz (2009). "Autosave Pilot Overview". Washington, DC: New America Foundation.

<sup>37</sup> Lopez-Fernandini, et al. (2009).

<sup>38</sup> Beshears, John, James J. Choi, David Laibson, Brigitte C. Madrian, and Brian Weller (2010). "Public Policy and Saving For Retirement: The 'Autosave' Features of the Pension Protection Act of 2006." In John J. Siegfried (Ed.). *Better Living Through Economics* (pp. 274-290). Cambridge, MA: Harvard University Press.

<sup>39</sup> McNichol, Elizabeth, Phil Oliff, and Nicholas Johnson (2011). "States Continue to Feel Recession's Impact." Washington, DC: Center for Budget and Policy Priorities.

---

family economic security. In light of the current economic conditions and the research showing that assets function as a stress suppressor, we suggest policies that encourage short-term savings with the goal to reduce the likelihood, severity, and duration of family financial stress. As more families maintain asset resources to draw upon, families will be better equipped to weather financially stressful events. Short-term savings can be supported by state and federal governments and eventually extending towards banks and other financial institutions linked to employers. Policymakers might examine closely the benefits and

challenges encountered in the implementation of the AutoSave and Bank On for guidelines in promoting short-term savings.

*David W. Rothwell is an Assistant Professor of Social Work at McGill University. He teaches social welfare policy and research methods. Anna Goren is a recent graduate of McGill University with a degree in International Development Studies. She is a research assistant at the McGill University School of Social Work.*



© 2011 New America Foundation

This report carries a Creative Commons license, which permits re-use of New America content when proper attribution is provided. This means you are free to copy, display and distribute New America’s work, or include our content in derivative works, under the following conditions:

**Attribution.** You must clearly attribute the work to the New America Foundation, and provide a link back to [www.Newamerica.net](http://www.Newamerica.net).

**Noncommercial.** You may not use this work for commercial purposes without explicit prior permission from New America.

**Share Alike.** If you alter, transform, or build upon this work, you may distribute the resulting work only under a license identical to this one.

For the full legal code of this Creative Commons license, please visit [www.creativecommons.org](http://www.creativecommons.org). If you have any questions about citing or reusing New America content, please contact us.

MAIN OFFICE  
1899 L Street, NW  
Suite 400  
Washington, DC 20036  
Phone 202 986 2700  
Fax 202 986 3696

CALIFORNIA OFFICE  
921 11<sup>th</sup> Street  
Suite 901  
Sacramento, CA 95814  
Phone 916 448 5189



[WWW.NEWAMERICA.NET](http://WWW.NEWAMERICA.NET)