



TAX TIME SAVINGS BONDS

SAVING IS HARD. BONDS MAKE IT EASY

Saving Is Hard Bonds Make it Easy

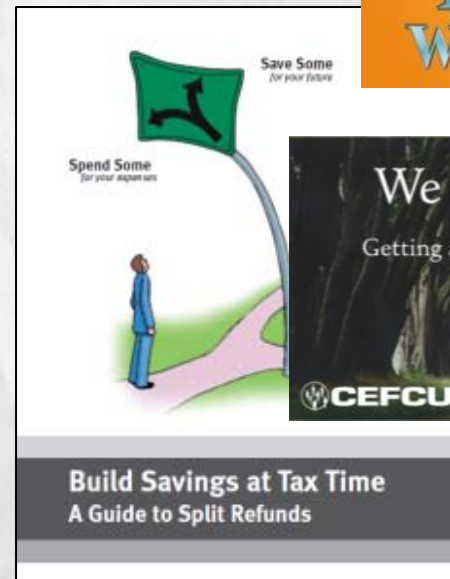
Saving Bonds at Tax Time

June 21st, 2011



Doorways to Dreams (D2D) Fund

- ▶ Founded in 2000 by Harvard Business School Professor & Sr. Associate Dean, Peter Tufano
- ▶ Non-Profit 501(c)3 headquartered in Roxbury, MA
- ▶ **Mission:** Strengthens the financial opportunity and security of low and moderate income consumers by innovating, incubating and stimulating new financial products and policies.



Universal Access to Savings

Tax Time Savings Bond Purchase Policy



"...We'll make it easier for people to save their federal tax refunds, which 100 million families receive...You'll be able to check a box on your tax return to receive your refund as a savings bond."

Barack Obama, Sept. 5, 2009

National Tax-Time Saving Infrastructure

Opportune Time – Tax Time

- ▶ **Money to save**

- ▶ Tax time: **\$115B** (households w/ income < 40k)
- ▶ Average ~ \$1,680 per family; up to \$5k

- ▶ **Saving mechanism**

- ▶ IRS “split refunds”: link refunds to savings
- ▶ Allows tax filer to save a portion into savings

- ▶ **Saving champion**

- ▶ Clients often trust tax preparers as experts
- ▶ Present at critical refund moment

Opportune Product - Savings Bonds

I bought a savings bond because it was the easiest way for me to save. -Roger

believes in dreams

I CHOSE TO PURCHASE A BOND IN ORDER TO HAVE MONEY SET ASIDE FOR MY CHILDRENS & MY FUTURE. -TYNISA

believes in dreams

- **Safe** – backed by “full faith & credit of U.S. government”
- **Accessible** – buy for as little as \$50, no credit check
- **Competitive return** – good interest rate at present, no fees
- **Simple** – sold at face value (\$50 buys \$50 bond), rate adjusts 2x/year
- **Portable** – redemption at most banks & credit unions
- **Protected from inflation**
- **Convenient** – can order directly via federal tax return
- **Giftable**
- **Long term** – earn interest for 30 years; may redeem (“cash in”) after 1 year

How Does the Policy Work?

Bonds Purchased Via the Tax Filing Process

- ▶ Use IRS Form 8888 to place order
- ▶ Tax filers may buy bonds for themselves or others
- ▶ Paper bond(s) mailed to purchaser's address (per tax return)
- ▶ \$50 to \$5,000 worth, in multiples of \$50
 - First \$250 in \$50 bonds; remainder in as fewest possible bonds
- ▶ Remainder of refund can be sent in a paper check and/or direct deposit

Tax Time Savings Bond Campaign

Goals from 2010 Tax Season:

- ▶ 50k LMI taxpayers save \$25 million in Bonds
- ▶ To build public awareness of the new policy,
- ▶ To encourage low-income tax payers to save a portion of their refund
- ▶ To evaluate marketing, messaging, and outreach techniques

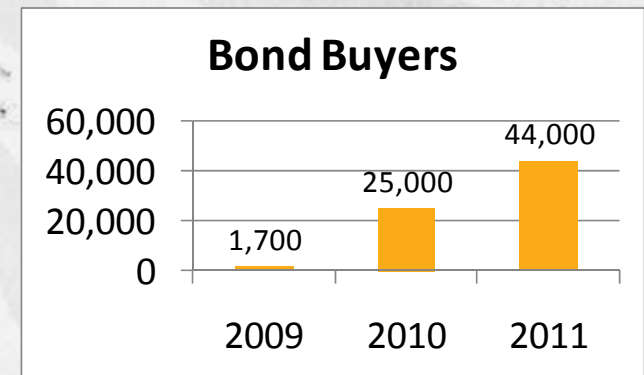
Long-term Goal:

- ▶ Build a national savings habit at tax time
- ▶ Within 10 years, 1MM people savings \$500MM each year through the new tax time savings option



Promising Findings

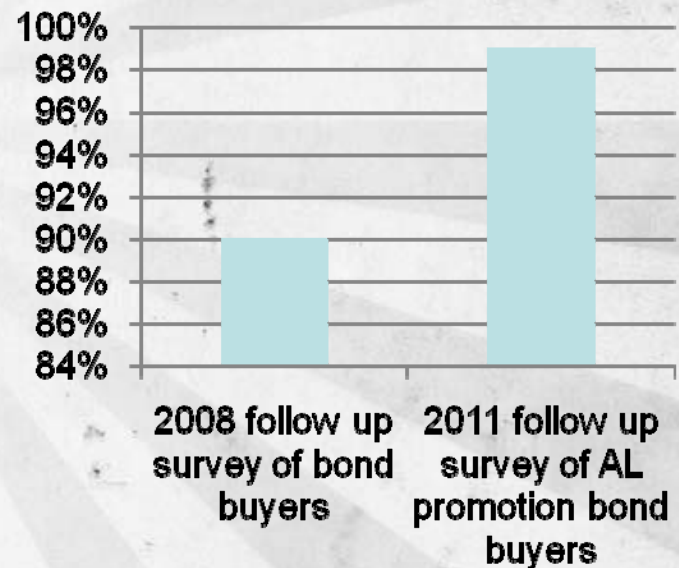
- ▶ The number of bond buyers is growing dramatically year over year
- ▶ Tax time savings help consumers build an annual savings habit
 - More than 25% of 2010 bond buyers bought again in 2011
- ▶ Key savings motivator is others – children, grandchildren, loved ones
- ▶ Lower income households benefit the most from the new savings policy
 - Many bond buyers in 2011 had household incomes below the national median



Promising Findings

- ▶ Consumers want to know about the opportunity
 - ▶ Survey of 2011 bond buyers, 100% said it's important to be asked if they want to save with bonds when they learn their refund size
- ▶ Consumers are happy with their savings bond purchase decision

Percent of bond buyers satisfied with their bond



Promising Findings

Many consumers indicate a high likelihood of buying a savings bond next tax season

- ▶ In one site in Boston, 93.8% of buyers said they were likely to save with bonds next tax season
- ▶ Buyers are becoming “repeat buyers”, building a savings habit at tax time with savings bonds
 - ▶ At least 25% of buyers from last season bought bonds this season
 - ▶ At one site in Boston, 38% of bond buyers had bought in a previous season

“You buy it, you probably even forget about it, but every year it’s growing and giving you more interest” – 2011 bond buyer

Campaign Strategy & Tactics

Strategy

- ▶ Three target audiences:
 - ▶ Gatekeepers – Diverse set of local/national organizations
 - ▶ Tax preparers – Commercial, Software, VITA
 - ▶ Consumers - 26 million tax filers who report dependent children and have incomes under 50k

Tactics

- ▶ Demonstration Cities
- ▶ Congressional Outreach
- ▶ Tax Preparation Industry Outreach
- ▶ Partner Engagement
- ▶ Online Engagement
- ▶ Social Media Outreach
- ▶ Media Awareness



Importance of Partnerships

Mission fit for organizations that:

- › Work within low to moderate income communities
- › Focus on poverty alleviation, asset building, financial security, education opportunities for children, etc.

Opportunity:

- › Scalable and measurable opportunity to promote savings
- › Infrastructure in place: Payment delivery system (tax refunds)
- › Universal savings product: Savings Bonds
- › ***All you have to do is educate and promote!!!!***

120+ partners joined the campaign

- › e.g. AARP, United Way Worldwide, National League of Cities, Intuit, Baltimore CASH Campaign, Denver Asset Building Coalition, America Saves, Massachusetts Affordable Housing Alliance, Chapters of the Boys and Girls Club in Boston

Example National Partner

America Saves (www.americasaves.org)

- ▶ Social marketing campaign with over 1,900 national partners that support local savings campaign and other national initiatives (e.g. Military Saves)
- ▶ Included blogs about tax time savings bonds, educational videos on their YouTube site, coordinated trainings for campaign managers
- ▶ Local savings campaigns integrated it into their campaigns through trainings, media outreach, distribution of materials, and savings bonds promotions



"A great complement to our America Saves program... Our local partners are always looking for high-quality products to promote with their savings message that serve a range of savers' needs" -- Nancy Register, Associate Director of the Consumer Federation of America

Example Local Partner

Massachusetts Affordable Housing Alliance (MAHA)

- Assistance, education and advocacy around home ownership
- Trained their teachers to help spread the message through their home ownership classes
- Helped spread the message through local media outlets
- Found ways to integrate the message through the year to build awareness and education over time
- Shared the opportunity online to their networks



Massachusetts Affordable Housing Alliance (MAHA)

take a look at the article in the Dorchester Reporter about the Tax Time Savings Bond Campaign...

Dorchester Reporter



Low-income tax filers urged to look at savings bonds | Dorchester Reporter www.dotnews.com

With tax season comes appointments with preparers, organization of W-2s and other forms — and headaches. Taking everything into account, people may not be thinking about ways to save, especially in a rebounding economy.

February 11 at 9:48am · Share

Example Partner Strategy: Promotions

SaveNow, WinLater by Impact Alabama:

- ▶ Tax filers earned a chance to win a \$20,000 grand prize and two interim \$1,000 prizes for every \$50 saved with bonds
- ▶ 553 low income consumers saved over \$51,000 in savings
- ▶ Effective way to build awareness and plant the seed for consumers:
 - ▶ 79% surveyed said they would buy a bond next year irrespective of a promotion
 - ▶ 56% surveyed said the contest contributed to their decision to save
 - ▶ 86% of bond buyers were first time refund savers



Save \$50 for a chance to **Win \$20,000!**
Enter the SaveNow WinLater Sweepstakes!

Buy a savings bond with some of your tax refund!

- Low minimum investment
- Positive rate of return
- No fees
- Purchase for your children or grandchildren
- Save for an emergency or retirement
- No credit check required

Even if you are not receiving a tax refund, you can still participate!

For every \$50 you invest in a federal savings bond (from Jan. 15 - Apr. 14), you'll earn a chance to win a \$20,000 Grand Prize Jackpot to be awarded on April 18 and \$1,000 monthly prizes awarded in February and March.

The number of chances you can earn is unlimited!

Three Ways to Play

1. Visit one of our free tax preparation sites (call 1-888-99-TAX-AL) where we'll complete your tax return and enter you in the sweepstakes.
2. Ask your own tax preparer to fill out Form 8888 in order to purchase a savings bond, then call 1-888-99-TAX-AL to enter the sweepstakes.
3. Purchase a savings bond from your local bank or credit union, then call 1-888-99-TAX-AL to enter the sweepstakes.

Call **1-888-99-TAX-AL** for information or to schedule an appointment for free tax preparation.

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Integration into Tax Time Experience

Tax preparers are critical to awareness and use of the policy

- Worked with VITA sites to integrate the message:
 - Incorporated education of bonds and the policy into staff training
 - Conducted training webinars to educate tax sites (train the trainer) and tax preparers on savings bonds
 - Supported promotions (“friendly” competition to drive take-up)
- Share the message with commercial preparer clients:
 - Placed campaign material at local and commercial tax preparer sites



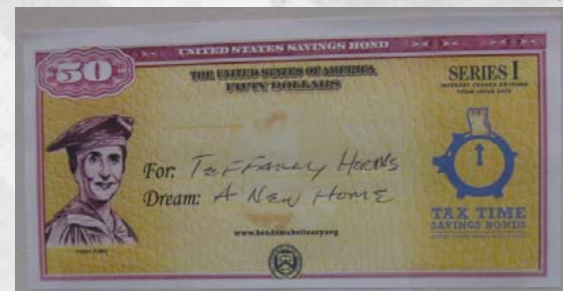
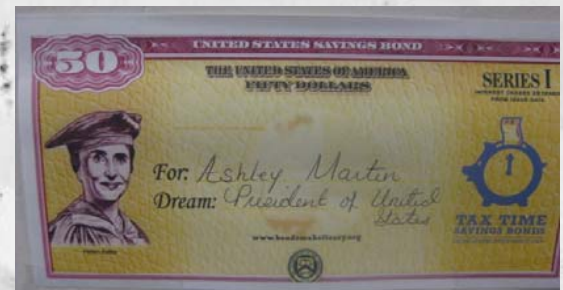
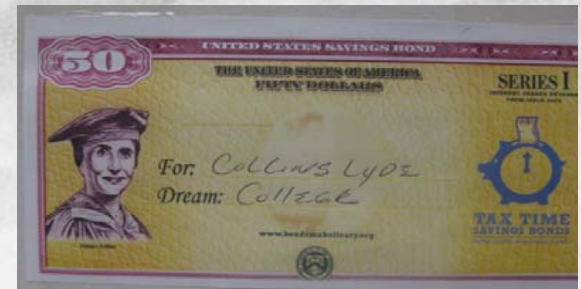
Partner Strategy: Promotion + Friendly Competition

Maryland CASH Taxpayer and Tax Preparer Promotion:

- ▶ Tax filers earned a chance to win two \$500 prizes for every \$50 saved with bonds.
- ▶ The VITA site with the most bond sales received a small grant from MD CASH. Most were promoting bonds for the first time.
- ▶ **Over 175 bond buyers saved more than \$9,100**

Survey findings stress the need for training of tax preparers and asset building volunteers:

- ▶ 46% said additional training would help volunteer preparers promote savings and savings bonds
- ▶ 78% said they learned about the bond policy at specialized tax or asset development training.

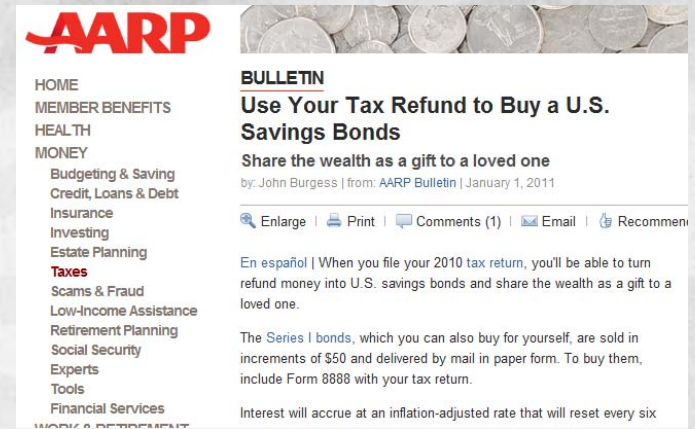


Media Awareness

Increased coverage of the campaign to drive more awareness

Examples:

- › National Conference of State Legislators – State Legislators Magazine – over 7,000 legislators
- › Home and Family Finance Radio – broadcasted weekly to 50+ U.S. metro markets and 65 countries through Armed Forces radio
- › Bureau of National Affairs Daily Tax Report
- › AARP Bulletin
- › Bureau of Public Debt – Inserts to bond purchasers (12MM)
- › Local Media (Dorchester Reporter, Jamaica Plain Tribune)



AARP

HOME
MEMBER BENEFITS
HEALTH
MONEY

Budgeting & Saving
Credit, Loans & Debt
Insurance
Investing
Estate Planning
Taxes
Scams & Fraud
Low-Income Assistance
Retirement Planning
Social Security
Experts
Tools
Financial Services

BULLETIN
Use Your Tax Refund to Buy a U.S. Savings Bonds
Share the wealth as a gift to a loved one
by: John Burgess | from: AARP Bulletin | January 1, 2011

Enlarge | Print | Comments (1) | Email | Recommend

En español | When you file your 2010 tax return, you'll be able to turn refund money into U.S. savings bonds and share the wealth as a gift to a loved one.

The Series I bonds, which you can also buy for yourself, are sold in increments of \$50 and delivered by mail in paper form. To buy them, include Form 8888 with your tax return.

Interest will accrue at an inflation-adjusted rate that will reset every six

Dorchester Reporter

Looking for a safe place to put your money?

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Low-income tax filers urged to look at savings bonds

By Jackie Gentile, Special to the Reporter
Feb. 10, 2011

With tax season comes appointments with preparers, organization of W-2s and other forms – and headaches. Taking everything into account, people may not be thinking about ways to save, especially in a rebounding economy.

Outreach to Elected Officials

Opportunity for Elected Officials to promote a smart savings policy:

- ▶ Policy available to all constituents
- ▶ Safe and trustworthy savings instrument
- ▶ Demonstrated success and impact

Sponsored a congressional briefing

- ▶ Educate Congress and their staff on tax time savings and how to promote savings bonds
- ▶ Developed a legislative toolkit

“Savings at tax time – when many families receive tax refunds – and using a safe and sound vehicle like US savings bonds makes good economic sense” – Representative Niki Tsongas, Member of Congress



Online Campaign

Developed an online campaign to build brand awareness of campaign and savings opportunity

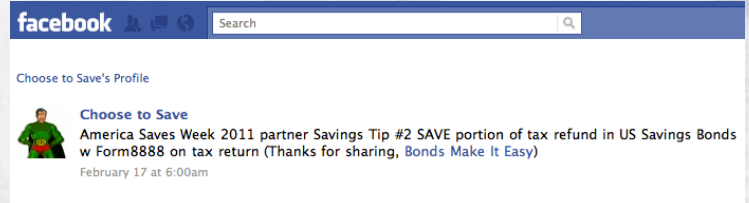
- ▶ Use of social media sites, website as a resource hub, blogging, online public relations, email marketing, videos, #WhenIGrowUp contest promotion
- ▶ 120K impressions through social media efforts
- ▶ 3,600+ fans and followers on facebook, twitter, LinkedIn
- ▶ Over 5 million online press impressions
- ▶ **Partners were KEY!**



Use your tax refund to save...buy a Tax Time Savings Bond. @bondsmakeiteasy
<http://bondsmakeiteasy.org/>

11:36 AM Feb 7th via Twitter for BlackBerry®

 **NYCDCA**
NYC Consumer Affairs



Tax Time Savings Game

Designed a tax time savings game

- ▶ Core learning objectives include:
 - Value of paying overdue debt at tax time
 - There are multiple ways to save at tax time by splitting a tax refund
 - Everyone can save in US Savings Bonds
- ▶ Promoted the game at tax time with a contest for the top scorer



Key Take Aways

- ▶ Broadening awareness is key to driving take-up and most effective through the institutions and individuals people trust
- ▶ Repeat messaging is important– need for multiple channels and repeat exposure
- ▶ Universality of the message is important – accessible to all and interest across the board
- ▶ Infrastructure is in place – all that is required is effective communication of the opportunity
- ▶ Motivating factor is key– people want financial security for themselves and their children
- ▶ Consumers like the opportunity and the chance to build a savings habit

Join the Bonds Make it Easy Movement

▶ **Community organizations:**

- ▶ Go to www.bondsmake.easy.org to access campaign materials and outreach toolkit
- ▶ Find a way to integrate it and tailor it into your programs and services to share with clients

▶ **Tax preparers:**

- ▶ Go to www.bondsmake.easy.org and view our brief tutorials and resources
- ▶ Download and customize collateral to share with clients

▶ **Employers:**

- ▶ Share the information with your employees
- ▶ Download campaign material to put up at the workplace
- ▶ Download outreach toolkit with articles to put in employee newsletters

Join the Bonds Make it Easy Movement

▶ **Public officials:**

- ▶ Spread the word to your constituents
- ▶ Download the legislator toolkit from www.bondsmakeiteasy.org for information and ideas

▶ **Media:**

- ▶ Cover this story or share with colleagues who cover personal finance, tax policy

▶ **Everyone:**

- ▶ Buy a bond in tax season 2011 for yourself and/or your loved ones
- ▶ Share the message with family and friends
- ▶ Join our networks online
 - ▶ www.facebook.com/bondsmakeiteasy
 - ▶ www.twitter.com/bondsmakeiteasy
 - ▶ www.youtube.com/bondsmakeiteasy

Q & A

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