



TAX TIME SAVINGS BONDS

SAVING IS HARD. BONDS MAKE IT EASY

Saving Is Hard Bonds Make it Easy

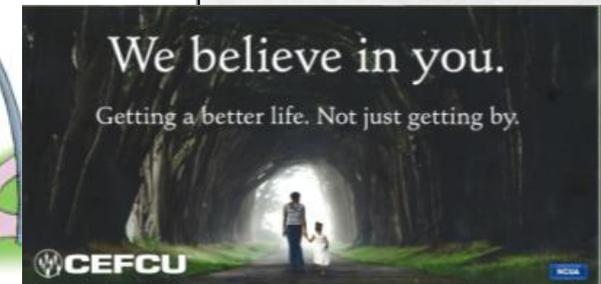
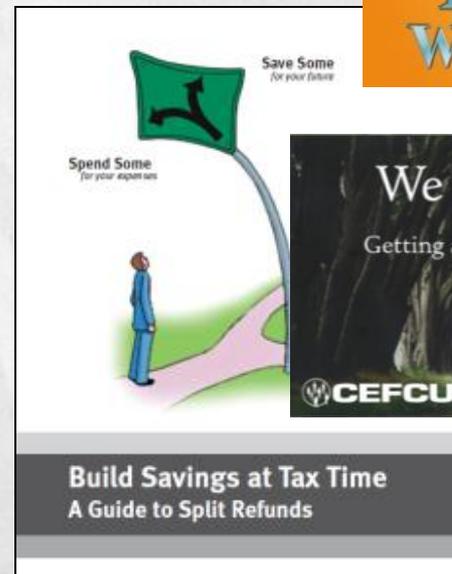
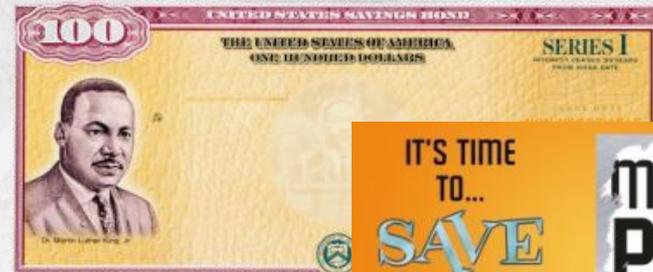
A Unique Opportunity
to Increase Savings at
Tax -Time

January 2012



Doorways to Dreams (D2D) Fund

- ▶ Founded in 2000 by then 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.



Build Savings at Tax Time
A Guide to Split Refunds

We Know Saving is Hard

Q: How many Americans currently hold Savings Bonds?

A: 55 Million.
(That's 1 in 6!)



Challenges lower-income savers face:

- **Limited income** – a minimum wage worker makes \$15K a year.
- **Consumerism** – pressure to buy is everywhere.
- **Family & friends** – are often in need, creating pressure to share resources.
- **Few opportunities** – most people save with structured help (e.g., 401(k) plans), but poor people get little or no such help.

Tax Time Opportunity

Key elements to foster saving:

- **Funds to Save** - \$100 billion is returned to poor families each year
 - On average, \$1,680 per household
 - Up to 20% of annual income
- **Assistance** – tax preparers can serve as trusted helper to suggest saving
- **Convenience** – saving at tax time requires no 2nd step, extra trip to bank

Assistance and guidance from a trusted tax preparer is a critical to helping tax clients save at tax time



Tax Time Savings Bond Opportunity

- ▶ Scale
 - ▶ 100MM+ refund recipients nationwide will have an easy, safe tax time saving option
 - ▶ *Nearly* UNIVERSAL!!!
- ▶ Ease
 - ▶ convenient, “one-stop” saving during tax prep
 - ▶ Use Form 8888
 - ▶ no forethought or planning needed – “impulse saving”
- ▶ Opportunity
 - ▶ New Savers and Small savers to increase their financial security
 - ▶ Can save easily for others (children, grandchildren)

Universal and Easy Access to Saving

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
- ▶ **ONLY METHOD TO ORDER PAPER SAVINGS BONDS**

Important Bond Facts

Redemption (“cashing in”)

- At most banks & credit unions
- Requires valid ID

Minimum holding

- Must be held for 1 year
- If redeemed before 5 years, lose 3 months’ interest

Loss / theft replacement

- Complete Treasury Form PDF 1048
- Get signature certification from bank
- Mail to Treasury

Proceeds from Savings Bonds are exempt from federal tax if used for secondary education (check IRS Publication 970 for details).



Savings Bonds as Gifts

Tax Clients can buy bonds for:

- Themselves
- And/or up to two other people
- e.g., kids, grandkids, spouses, nieces / nephews, godchildren, etc.

Details

- Tax client needs only name of gift recipient (no SSN)
- Client & gift recipient will be listed on bond as co-owners
- Either party may redeem bond

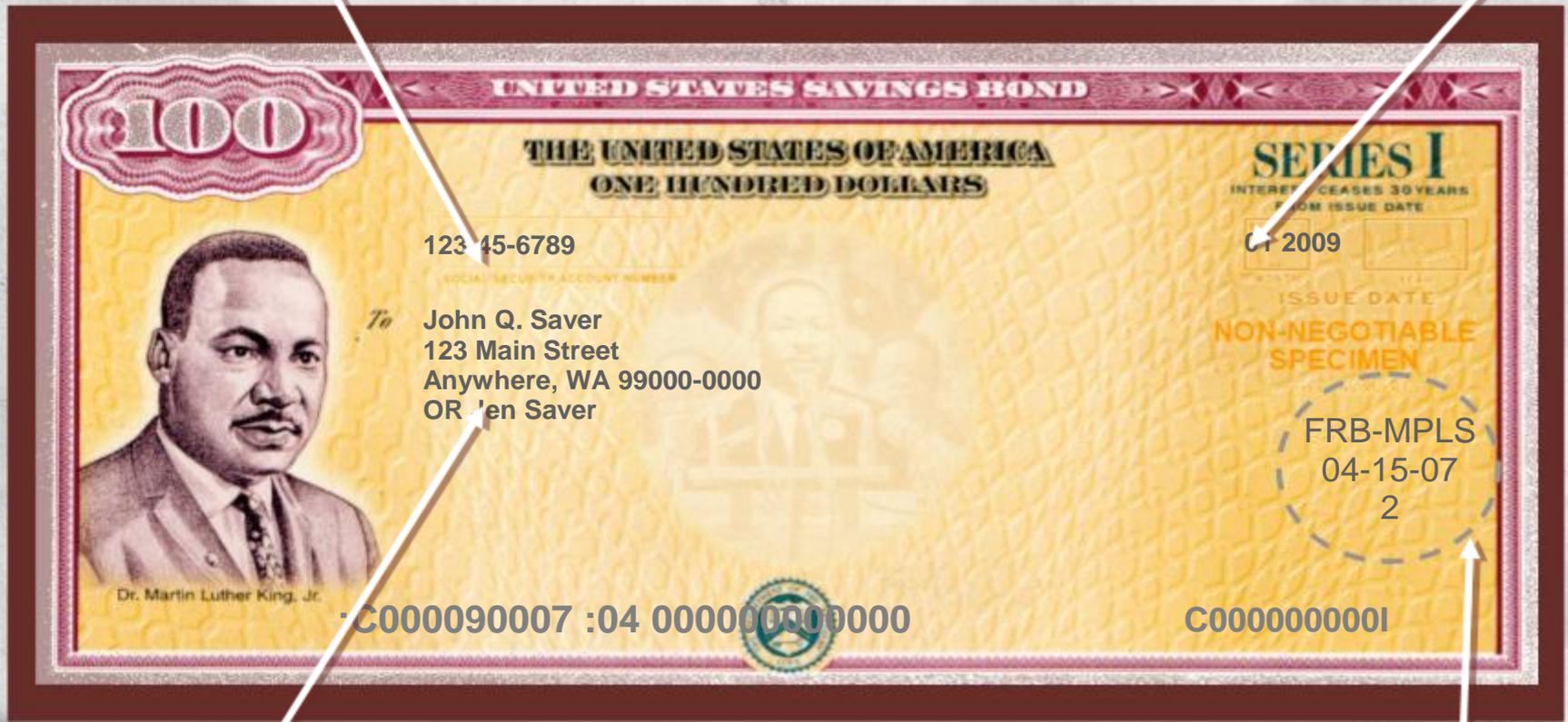
In a 2008 study, **68%** of buyers purchased savings bonds for others, mostly children & grandchildren



Example Savings Bond

Purchaser's Social Security Number

Issue Date



Owner's Name & Address (Co-Owner Name, if any)

Authentication Stamp

Bond Features & Benefits

Feature	Benefits
Competitive return (4.6% <i>currently</i>)	Reach saving goal sooner
No fees	No fees to erode savings
Convenient	Simple tax site order process saves time
Can buy for others	Easy to give savings as a gift
Inflation protection	Value not lost as prices rise
Loss & theft protection	Savings are safe

Bonds vs. Savings Accounts or CDs

	Typical Savings Account*	Typical 1 Year Certificate of Deposit (CD)*	Series I U.S. Savings Bond
Rate of Return	.51%	.82%	3.06%
Annual Fees	\$0	\$0	\$0
Minimum to Open	\$100	\$1,000	\$50
Rate Fixed	No	Yes	Adjusts bi-annually
Minimum Holding Period	None	1 year	1 year
Early Redemption Penalty / Forfeiture	None	All interest earned to withdrawal date	3 months interest (redemptions within 5 years of purchase)
ChexSystems Review	Yes	Yes	No
May Buy as a Gift	No	No	Yes

Savings Bonds: CD-like returns, no fees and a \$50 minimum

*Source: National Average rates, www.bankrate.com

Finding: People Like Savings Bonds

- Pleased with bond purchase
- Familiar with bonds
 - 65% of tax clients “familiar” (vs. 32% for IRAs)
 - 63% of tax clients had bought bond, received bond as gift or known someone who has owned

90%

The percent of 2008 bond buyers that said that they would recommend bonds to their friends and family

Finding: Why People Save

- Who: for kids & grandkids
 - 70%+ of buyers bought for others
 - 59% of buyers “I want to put something away for my kid’s future”
- What: for education, retirement
 - Children / family (27%), Education (23%), Retirement (18%)
- Time horizon: long-term
 - 2/3rds still saved after 3 years (in line with national average)

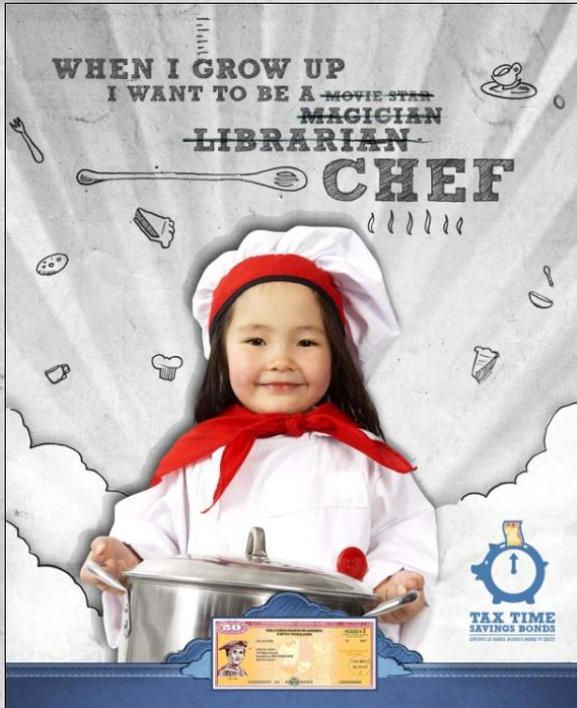
US Savings Bonds
are a smart way
to save money for
my kids and
grandkids future.
-Carmen

believes in dreams

I buy bonds as a
way of saving for
my children and
grandchildren that could be
used for the college
education.

believes in dreams

Tax Time Savings Bond Campaign



- ▶ **Goal: to increase low-income taxpayer savings through savings bonds**
- ▶ **Results to date:**
 - ▶ In 2011, **45,000 people** impacted by savings bonds
 - ▶ More than **25%** of 2010 bond buyers bought again in 2011
 - ▶ Lower income households account for a high percentage of purchasers
- ▶ **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

Join the Campaign

- Pledge to buy a bond in 2012
- Promote it at tax sites
- Build awareness of the opportunity among your partners and networks
 - Include blurbs about tax time savings bonds in your newsletters or e-mail blasts
 - Encourage public officials to publicize the new policy in constituent communications
 - Have public officials speak about the option
 - Hold training opportunities for community partners, local social service providers, etc
 - Distribute Marketing / Outreach collateral (available for download on www.bondsmakeiteasy.org)

Prep for TS12: Direct to Consumer

- ▶ **Goal**

- ▶ Reach consumers through trusted and relevant sources to link awareness to action

Sources consumers know and use: texting, facebook, twitter, your sites

- ▶ **Strategies and tactics to drive behavioral change**

- ▶ Drive people to tax preparation “places” while they have information in front of them
- ▶ Provide reminders
- ▶ Connect Awareness to Action
(ie “Interested in saving at Tax Time? Print a mock Form 8888 to remind your tax preparer”)
- ▶ Help finding resources (VITA sites, information)

Direct to Consumer

Ways to do this:

Not everyone has access to the internet to become informed:

- ▶ Encourage members to find out more about saving for the future; Share our codes in newsletters, printed materials, stickers, websites, and facebook:

Text **DREAMS** to **41411**

Text **FACIL** to **41411**

(Example text members might get: “Find a VITA center near you, enter your zip code”)

Do you have a website or FB/ Twitter pages?

- ▶ Place our Call2Action “widget” on your sites
- ▶ Place BMIE banners on your site that link to information on TTSB
- ▶ Use example FB and Twitter posts from our Toolkit to inform your community about Tax Time Savings opportunities
- ▶ Link to “Bonds Make It Easy” Blogs

Online Campaign

- “Like” Bonds Make it Easy on Facebook
 - www.facebook.com/bondsmakeiteasy and share the campaign with your family, friends and colleagues
- “Follow” BondsMakeItEasy on Twitter
www.twitter.com/bondsmakeiteasy
- “Pledge” to buy a savings bond on www.bondsmakeiteasy.org
- “View” and “Share” our videos on Youtube
www.youtube.com/bondsmakeiteasy



Contact Information

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Join the Bonds Make it Easy Movement

facebook.com/bondsmakeiteasy

twitter.com/bondsmakeiteasy

youtube.com/bondsmakeiteasy

**Investing in People
Strengthening Communities**

Capital Area Asset Builders

Giving People the Tools and
Support to Reach Economic Self-Sufficiency

DC Earned Income Tax Credit Campaign



Savings Promoter at MLK
Library

Role of Saving Promoters

To perform screening and intake for filers and help them answer two questions:

–How can I take advantage of my tax refund to help me meet my long-term financial goals?

–What resources can help me take control of my financial situation, even if I'm not getting a refund?

Asset Building Offerings

- Financial literacy classes
- Credit Counseling
- Savings Bonds
- Bank on DC accounts
- Prepaid Debit Cards
- Free Check Cashing
- Food Stamps Applications



Financial Fitness Fair



*Ward 7 Councilmember Yvette
Alexander*

A Learning Process

- Integrate asset building with intake process
- Less is more – decision fatigue of filers
- More experienced Savings Promoters (e.g. financial educators)

For more information visit
www.caab.org or www.dceitc.org

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Human Services Programs of Carroll County, Inc. (HSP)

Savings Bond Success at Tax Time

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Area and Agency Overview

- Located in the Baltimore Metropolitan Area, Carroll County is a rural Maryland county
- We have over 175,000 residents
- In the last 10 years Carroll County's median household income has grown by almost \$20,000 to \$79,227 while the number of families and individuals living below the poverty level as increased by 2%
- HSP is Carroll County Maryland's dedicated Community Action Agency
- Incorporated in 1987, we have provided life changing services for 25 years

Area and Agency Overview

- HSP's mission is to improve the quality of life and self-sufficiency of at-risk and low income Carroll County residents by providing assistance with basic needs, advocacy, linkages to resources and opportunities to enhance life skills
- HSP offers a variety of comprehensive, direct services through its program units; Shelter and Housing, Emergency Assistance, Community Services and Family Support Center
- Annually HSP serves more than 4,000 families consisting of approximately 7,600 men, women, and children

Opportunity WORKS

- HSP implemented Opportunity WORKS in 2009 to provide individuals with significant barriers the opportunity to increase their income and move out of poverty
- Opportunity WORKS encompasses hands-on job training, soft skill development, and financial stability support services
- We prepare participants to secure gainful employment, develop work ethic, and provide financial education and tax preparation services to promote self-sufficiency

VITA

- HSP became a VITA site in 2010
- HSP partners with the Maryland CASH Campaign and the Maryland Department of Housing and Community Development (DHCD)
- In our first year, we completed 132 tax returns
- In 2011, we completed 193 tax returns putting almost \$500,000 back into our community
- This was a 46% increase in 1 year

Tax Prep and Financial Education

- Tax time is the perfect setting to engage clients in financial education and asset development
- We started by handing out “Financial 101” flyers to our tax payers
- In our second year, we started selling Savings Bonds in partnership with Maryland CASH Campaign and the D2D Fund

Savings Bonds

- VITA Site Managers participated in Savings Bond Training provided by Maryland CASH
- Promoting Savings Bonds were also a part of our agency's VITA training
- Maryland CASH sponsored state-wide taxpayer giveaways
- For every \$50 bond purchased clients were given a raffle ticket for a chance to win \$500
- 4 drawings were held during tax season

Want a chance to win \$500?

**Buy a Savings Bond
with your tax refund!**



**You can use part of your refund to purchase
a U.S. Savings Bond for as little as \$50!**

Reasons to buy a U.S. Savings Bond:

- **Earn interest** - Your money will start growing immediately.
- **No Fee** - There are no fees to buy or cash in a bond.
- **Money for the future** - You can help your loved ones live their dreams when you buy them bonds.
- **Giftable** - You can easily purchase a bond for your loved ones.
- **Win \$500** - For every \$50 bond purchased you will have a chance to win!

ASK YOUR TAX PREPARER TO HELP YOU SAVE WITH BONDS TODAY!

Want to learn how to turn \$50 into \$500?



This Taxpayer Giveaway is sponsored by the Maryland CASH Campaign. Four winners will be chosen throughout the tax seasons. Taxpayers may enter the giveaway by purchasing savings bonds at participating VITA sites across Maryland. Talk to your tax preparer for more details.

Advertisement

The Flyer

- Displayed throughout our agency
- Placed inside the tax payers' intake information
- Posted in offices and on desks

Savings Bond Materials from D2D

- Pins, posters, flyers, displays

Talking to Tax Payers

- Volunteer tax preparers were trained to inform and encourage tax payers to purchase bonds during the interview process
- Site Managers conducting the Quality Review reminded tax payers about bonds after they were told the amount of their refund
- Most bonds were sold within the first month of the tax season to families with high tax returns – this often makes the decision to save easy



Wall of Savings

**For:
My Daughter
Madison**

**To:
Go to College and
Become a Teacher**

Our Success

- HSP's VITA Site sold 76 bonds to 26 households totaling \$3,800
- 17 out of the 26 households who purchased bonds made \$25,000 a year or less
- A majority of bonds were purchased for minor children to help them go to college
- 14% of our tax payers purchased bonds
- HSP's VITA Site had the highest percentage of tax payers who bought bonds throughout our state-wide campaign
- Success Story

In 2012...

- We will continue to sell Savings Bonds
- We have started a partnership with PNC Bank to provide free directed deposit and check cashing to unbanked clients at tax time
- We will be launching the Economic Success Program, a matched savings program, to develop participants' financial capacity and dedication to saving

By creating opportunities to build assets and save money, we can stabilize homes, promote upward mobility, and encourage financial independence.

Thank You!

Please feel free to call or email with any questions.

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