



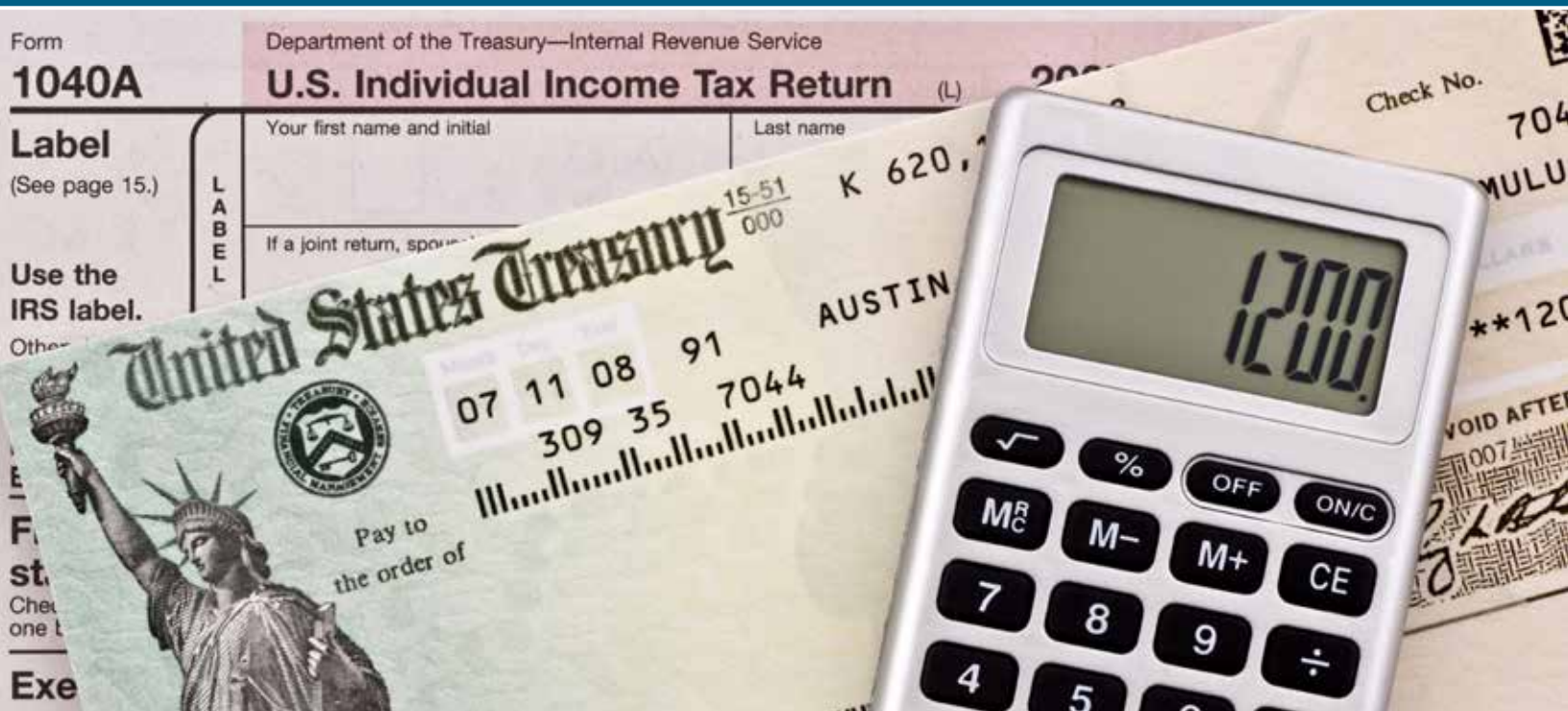
Center for Social Development

GEORGE WARREN BROWN SCHOOL OF SOCIAL WORK

SUMMER 2018

# Promoting Savings at Tax Time: Insights from Online and In-Person Tax Preparation Services

CSD RESEARCH REPORT NO. 18-33



Washington University in St. Louis

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## Disclaimer

Statistical compilations disclosed in this document relate directly to the bona fide research of, and public policy discussions concerning savings behavior as it relates to tax compliance. Compilations are anonymous and do not disclose information containing data from fewer than 10 tax returns or reflect taxpayer-level data with the prior explicit consent from taxpayers. Compilations follow Intuit's protocols to help ensure the privacy and confidentiality of customer tax data.

The views and opinions expressed in this report are those of the authors and do not necessarily reflect the views and opinions of the funders.

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# Promoting Savings at Tax Time: Insights from Online and In-Person Tax Preparation Services

*Genevieve Davison, Ellen Frank-Miller,  
Stephen P. Roll, and Michal Grinstein-Weiss*

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## *Executive Summary*

# Promoting Savings at Tax Time: Insights from Online and In-Person Tax Preparation Services

A Final Report on the Refund to Savings: Applications for *myRA* Project

This summary identifies key highlights from the final report of Refund to Savings: Applications for *myRA*, a collaborative project involving the U.S. Department of the Treasury, Washington University in St. Louis, and Intuit, Inc. The project has explored methods of promoting the *myRA* (*My Retirement Account*) savings program at tax time—that is, when households file their taxes. It has focused specifically on opportunities in an online tax-filing setting and in person at Volunteer Income Tax Assistance (VITA) sites. The VITA program, which is funded in part by the Internal Revenue Service (IRS), offers free tax-filing assistance to households making less than \$54,000 per year, people with disabilities, and taxpayers with limited English skills. VITA sites typically rely on IRS-certified volunteers to assist qualifying individuals with tax preparation and electronic filing (Internal Revenue Service, 2017).

The first component of the project examined the retirement needs of low- and moderate-income (LMI) tax filers through a large, national, online survey. It also assessed the appeal of different messaging strategies with these filers. The project's second component tested promotional messaging strategies as well as interventions grounded in behavioral economics. Both were delivered via online tax-filing software. The final component used key informant interviews with VITA site directors, staff, volunteers, and taxpayers to explore barriers to and opportunities for the promotion of *myRA* at VITA sites.

Overall, the study confirmed that many LMI households do not have enough retirement savings and face substantial barriers to saving. These barriers include financial constraints and lack of access to retirement

## KEY FINDINGS

- ❖ Many VITA site staff and volunteers BELIEVED THAT TAXPAYERS LACK SUFFICIENT MONEY TO SAVE, BUT TAXPAYERS REPORTED a variety of financial goals, including LONG-TERM PLANS like buying a home and building emergency savings.
- ❖ Volunteers at VITA sites FEEL UNCOMFORTABLE DISCUSSING SAVINGS with taxpayers.
- ❖ VITA sites sometimes have very LIMITED CAPACITY TO PROMOTE SAVING.
- ❖ Savings promotions, such as SAVEYOURREFUND, were very popular with taxpayers.
- ❖ VITA site staff and volunteers expressed a DESIRE FOR ADDITIONAL PROMOTIONAL MATERIALS AND TOOLS—for example, fact sheets about the Saver's Credit.
- ❖ Efforts may EFFECTIVELY PROMOTE TAX TIME SAVING BEFORE THE TAX SEASON, when taxpayers are still deciding what to do with their refund.
- ❖ TAX TIME SAVINGS OPPORTUNITIES COULD BE EFFECTIVE IF INCORPORATED INTO TAXSLAYER, the electronic tax-filing software used at VITA sites, so that they are more “automatic.”

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accounts. Both online survey responses and in-person interviews showed that several features of the *myRA* product—including the lack of fees, the guaranteed interest rate, and the ease of withdrawals—appealed to LMI taxpayers. Findings from the project’s first component suggest that the use of direct and informational messaging, messaging around use of the Saver’s Credit to get a larger tax refund, and pre-tax season emails may be effective promotional strategies. The second component of the project showed that, in an online tax-filing setting where tax filers prepare their taxes without assistance, choice architecture used to encourage tax filers to open *myRAs*, or to learn more about the product, produced significant results. Despite this, low percentages of filers signaled that they would deposit their refund into a *myRA*.

In 2017, the U.S. Department of the Treasury announced that the *myRA* program would be discontinued, but this report identifies several findings with applications for general tax-time savings promotion. In particular, the key findings provide useful insights around messaging and in-person savings promotion at VITA sites. The results may also inform the development of future retirement products or programs. This study clearly shows that the need for retirement savings is great among LMI households. Despite barriers, tax time continues to present an opportunity for the promotion of both retirement savings and savings in general.



# Promoting Savings at Tax Time: Insights from Online and In-Person Tax Preparation Services

*A Final Report on the Refund to Savings: Applications for myRA Project*

## Overview

American households save too little for retirement. One U.S. Government Accountability Office (2015) study found that, of households 55 years of age or older, about half did not have any savings in individual retirement accounts and 30% had no pension or retirement savings at all. Research suggests that about two thirds of working households fail to meet a modest retirement-savings target even if household net worth is taken into account (Rhee & Boivie, 2015). Lack of retirement savings is a particular problem among low-income households. In 2015, only 44% of households earning less than \$40,000 annually had any retirement savings whereas 69% of the general population did (Board of Governors of the Federal Reserve System, 2016).

One factor that contributes to low retirement savings is the fact that many American households struggle to save at all. Indeed, about half of U.S. households would struggle to cover an emergency expense of only \$400 (Board of Governors of the Federal Reserve System, 2016). If a household has difficulty saving for emergencies, saving for retirement is not likely to be a top priority. Another factor that may also contribute to low retirement savings is the fact that many U.S. workers do not have access to a retirement plan through their employer. Pew Charitable Trusts (2016) found that, in 2016, 36% of American workers were not offered any form of retirement plan through their employers, a figure that rises to 56% among part-time workers.

Responding to this gap in retirement plan access, the U.S. Department of the Treasury established the *myRA* (My Retirement Account) savings product in 2014 and fully implemented the program in 2015. However, the discontinuation of the program was announced in 2017 and it is no longer possible to

open new *myRA*s. The *myRA* product was a Roth IRA in which savings were held in U.S. Treasury bonds and was geared toward individuals who lacked access to employer-sponsored retirement accounts. The product had several key features:

- ❖ No associated fees
- ❖ Interest tied to the Government Securities Fund (rate of approximately 2%–3% per year during the time period in which this study took place)
- ❖ Automatic contributions
- ❖ Easy withdrawal at any time
- ❖ Maximum yearly contribution of \$5,500 and an account maximum of \$15,000

In order to better promote *myRA*, the U.S. Department of the Treasury partnered with the Center for Social Development (CSD) to develop a 2-year project called Refund to Savings: Applications for *myRA*. This project, which was largely embedded in CSD's Refund to Savings Initiative and funded by the Treasury Department via the Financial Empowerment Innovation Fund, had three goals:

1. Investigate the financial lives of low- and moderate-income (LMI) tax filers in order to examine their retirement savings behavior and retirement needs.
2. Identify effective methods of communicating the benefits of *myRA* to LMI households.
3. Use behaviorally informed tax-time interventions to help consumers open and fund *myRA*s when they file their taxes.

Despite the discontinuation of the *myRA* program, insights from this project have the potential to inform

future policy around retirement savings, the development of other savings products, and the promotion of tax-time saving in general.

This report summarizes the project's three main components and the associated findings. The first component, implemented 2014 and 2015, investigated the retirement needs and retirement savings behavior of LMI households. It also tested different *myRA* messaging strategies. The second component, implemented in 2016, explored LMI tax filers' willingness to learn more about *myRA* and open a *myRA* in an online tax-filing setting. The third component was a qualitative study conducted during the 2017 tax season. It explored barriers to *myRA* promotion at Volunteer Income Tax Assistance (VITA) sites as well as opportunities for improved promotion in an in-person tax-filing setting.

## The Refund to Savings Initiative

The work presented in this report occurred as part of the Refund to Savings (R2S) Initiative. Launched in 2012, R2S is an ongoing collaboration between the Center for Social Development at Washington University in St. Louis, Duke University, and Intuit, Inc., the makers of TurboTax. The goal of the initiative is to encourage LMI tax filers to save some or all of their tax refund at tax time. To increase the number of households that do so, the initiative uses interventions based in behavioral economics and embedded in TurboTax Freedom Edition (TTFE) software, a free, online tax-preparation product developed by Intuit, Inc., as a part of the Free File Program offered by the Internal Revenue Service (IRS).<sup>1</sup> The software is specifically designed for LMI households. The R2S Initiative has successfully used tools of behavioral economics, including anchoring, messaging, and choice architecture, to increase tax-time savings (Grinstein-Weiss et al., 2015). Tax time represents a unique opportunity to influence the financial decisions of LMI households. For many such households, the arrival of the tax refund may mark the only time of the year when there is a financial surplus large enough to save (Barr, 2012). For this reason, tax time may also present an opportunity to encourage tax filers to consider new financial products or think about retirement. In light of this, the U.S. Department of Treasury and researchers at Washington University partnered to explore the potential for promoting *myRA* at tax time.



## Component 1

# Assessing Retirement Needs and Interest in *myRA*

## Background and Method

The first component of the project used data from the 2014 and 2015 iterations of the Household Financial Survey (HFS) to explore the retirement savings behavior of TTFE users, to identify their retirement needs, and to test different *myRA* promotional messages.

In 2014, filers qualified for TTFE if the adjusted gross income for their household was under \$30,000, if they qualified for the Earned Income Tax Credit, or if their household included an active-duty military service member and the household's adjusted gross income was below \$58,000. In 2015, the TTFE income thresholds were \$31,000 for nonmilitary households and \$60,000 for military households.

After preparing their taxes, TTFE users were invited to participate in the HFS, an online, longitudinal survey on household finances and financial behavior. The first wave (HFS1) is administered immediately after they file their taxes, and the second wave (HFS2) is administered 6 months later. In 2014, all TTFE users were invited to take the HFS and received no incentive for participation. The 2014 HFS1 had 10,416 respondents, and 2,681 of these also provided responses to HFS2. In 2015, slightly less than half of TTFE users (372,746 out of 852,238) were randomly offered the chance to complete the HFS in exchange for a \$5 Amazon gift card. Of those, 23,925 responded to HFS1 and 8,836 responded to HFS2. In 2015, both waves of the HFS included 32 retirement-related questions.<sup>2</sup> In the 2015 HFS1, the retirement module was shown to participants who filed their taxes on or after March 18, 2015 (late filers). In the 2015 HFS2, it was shown to participants who filed their taxes before March 18, 2015 (early filers). This ensured that no participants in 2015 were shown the retirement module twice. In total, 14,411 respondents saw the retirement module in 2015. The *myRA* messaging experiments

were embedded in the 2015 HFS2 and were only shown to early filers (3,223 in total).

## Results

The full results of this section are presented in a separate report, *Assessing Retirement Needs and Interest in myRA: Findings from the Refund to Savings Initiative* (Roll, Oliphant, Perantie, Grinstein-Weiss, & Davison, 2017). Several key findings are worthy of note:

- ❖ Only 33% of surveyed LMI households reported owning a retirement account. In general, rates of retirement-account ownership increased with age: 27% of 18- to 35-year-olds owned an account, but even among the oldest age group (56- to 62-year-olds), less than half (46%) owned one.
  - Over two thirds of those without accounts cited a lack of money as a reason for not having one; lack of an employer-based option and unfamiliarity with retirement options were also cited as major impediments to account ownership.
  - Those with retirement accounts had substantially higher incomes and education levels. This suggests that even in an income constrained sample, education, income, and type of employment are associated with retirement savings. Table 1 outlines differences between LMI tax filers with retirement accounts and those without them.
  - The most commonly reported reason for withdrawals from retirement accounts was to address an emergency.
  - For those with accounts, the median level of assets was only \$5,000. Retirement assets

remained concerningly low even for those respondents closest to retirement.

- ❖ Thirty percent of respondents said that they either did not plan to retire or did not know whether they plan to retire. Over half of those planning to retire did not plan to do so until after they reach the full retirement age of 67.
- ❖ Regardless of age group, very few respondents (10% to 15%) felt on track to retire comfortably, and only 51% of participants closest to retirement (aged 56–61) had ever tried to estimate how much money they would need to retire. This figure was 31% among participants aged 18 to 35.
- ❖ Respondents reported on their interest in new retirement-savings products:
  - Seventy-eight percent expressed interest in an employer-sponsored retirement account with low deposit requirements, protection against losses, and consistent (but low) interest rates.
  - Seventy-one percent were interested in a new savings account offering automatic contributions and withdrawals without penalties.
  - Fifty percent were interested in a retirement account that could be opened and funded at tax time.
  - Large majorities stated that having the ability to easily change the amount of monthly deposits, having a guaranteed interest rate of 2.24%, rolling over funds into new accounts, and making automatic deposits were very important features.
  - Although respondents said they were most likely to open accounts that charged no withdrawal penalties, their likelihood of opening an account did not change substantially if the account limited them to one penalty-free withdrawal per year.
- ❖ Respondents also reported on their interest in *myRAs*:
  - A high percentage of respondents were interested in accounts that could be opened through employers.
  - Over half of respondents reported they would be likely to use a *myRA*-type account for emergency expenses.

The 2014 HFS2 provided interesting data on *myRA*'s features. Figure 1 shows the percentage of respondents who rated each feature “important” or “very important.” Equal and high percentages (81%) indicated that the ability to easily change monthly deposit amounts and a guaranteed 2.24% interest rate were important or very important. The ability to roll over savings into another account was rated as such by 76%, and the abil-

**Table 1. Household Financial Survey Respondent Characteristics by Retirement Account Ownership (n = 13,925)**

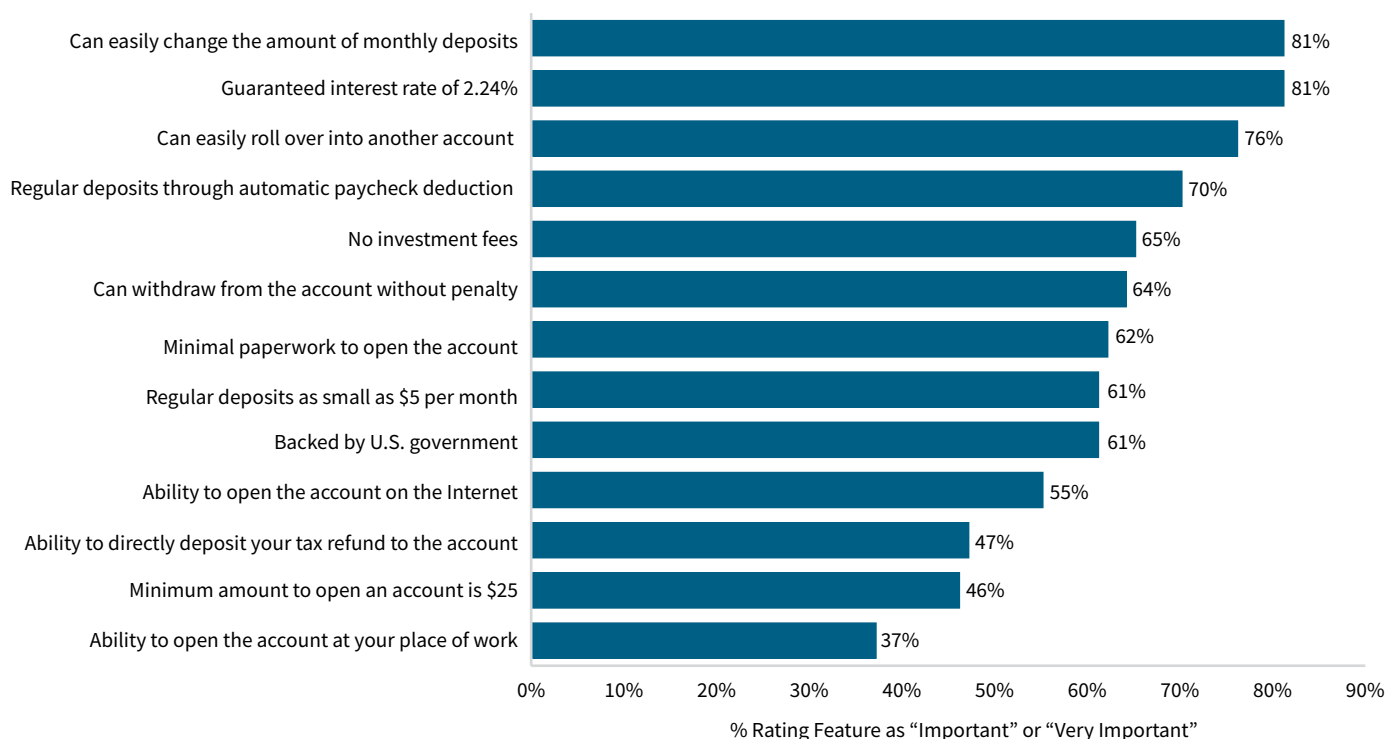
| Characteristic        | No Retirement Account | Retirement Account |
|-----------------------|-----------------------|--------------------|
| Sample                | 9,275                 | 4,650              |
| Age (mean, years)     | 31.2                  | 37.5               |
| AGI (mean, dollars)   | 11,742                | 19,205             |
| Female (%)            | 50                    | 54                 |
| Employment status (%) |                       |                    |
| Full time             | 34                    | 58                 |
| Part time             | 40                    | 23                 |
| Unemployed            | 25                    | 19                 |
| Marital status (%)    |                       |                    |
| Single                | 75                    | 63                 |
| Married               | 12                    | 17                 |
| Separated/divorced    | 12                    | 17                 |
| Widowed               | 1                     | 3                  |
| % with children       | 21                    | 21                 |
| Education (%)         |                       |                    |
| Less than high school | 4                     | 1                  |
| High school           | 11                    | 6                  |
| Some college          | 40                    | 26                 |
| College degree        | 27                    | 38                 |
| Some graduate school  | 9                     | 11                 |
| Graduate degree       | 9                     | 18                 |
| Current student       | 41                    | 25                 |
| Race/ethnicity (%)    |                       |                    |
| White                 | 72                    | 79                 |
| Black                 | 6                     | 5                  |
| Asian                 | 7                     | 5                  |
| Hispanic              | 9                     | 6                  |
| Multi/other           | 6                     | 5                  |
| % received any EITC   | 36                    | 33                 |

*Note.* AGI = adjusted gross income; EITC = Earned Income Tax Credit. Table excludes the characteristics of 428 respondents who did not know whether they had a retirement account. Data from respondents shown the retirement module of the 2015 Household Financial Survey, first and second waves.

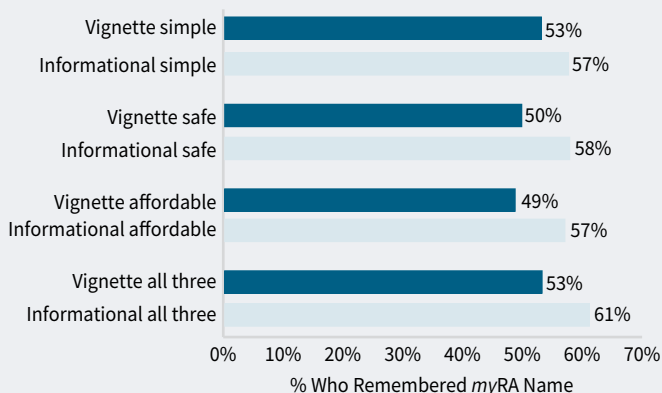
ity to make automatic deposits received those ratings from 70%. Given that LMI households are often fairly resource constrained, it is not surprising that many would find flexibility and guaranteed interest rates to be attractive features in a retirement account.

## ***myRA* Messaging Experiment: Vignettes versus Informational Messages**

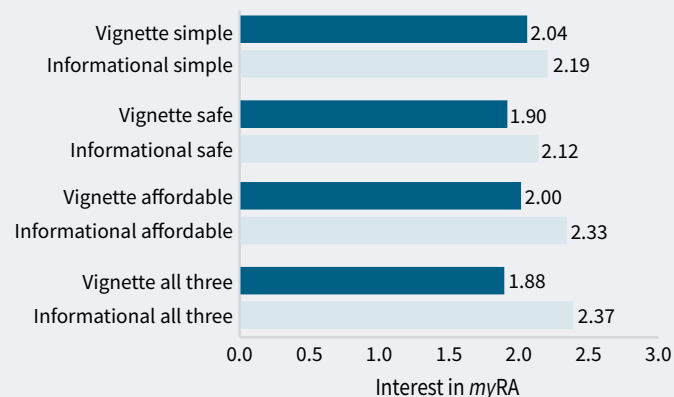
In order to evaluate different *myRA* messaging strategies, an experiment was built into the 2015 HFS. The experiment assessed the relative effectiveness of two different types of messages: straightforward, informational messages highlighting different aspects of



**Figure 1. Rated importance of retirement savings account features (n = 2,316).** Data come from the 2014 Household Financial Survey, second wave.



**Figure 2. myRA name retention by treatment group (n = 3,223).** Data come from the retirement module of the 2015 Household Financial Survey, second wave, late filers.



**Figure 3. Interest in myRA by treatment group (n = 3,223).** Interest is measured by scores assigned to responses on a 4-point scale ranging from *not at all interested* (0) to *very interested* (4). Data come from the retirement module of the 2015 Household Financial Survey, second wave, late filers.

myRA and vignette-based messages using personal stories to highlight the product's features (Appendix B). Overall, informational messages were better than vignettes at driving both myRA name retention and interest in myRA (Figures 2 and 3). Informational messages highlighting all three aspects of myRA (simple, safe, and affordable) did the best of all messaging combinations tested.

## Discussion

There are several key takeaways from the preceding results. First, lack of access to employer-offered retirement programs is an important reason that LMI households in the HFS sample are not saving for retirement. However, lack of money also appears to be an equally or more important reason for not saving. Second, HFS

---

participants responded favorably to account features that would help them manage income volatility: flexible deposit options, easy and penalty-free withdrawals, and guaranteed interest rates. Third, HFS participants responded best to *myRA* messages that were straightforward and highlighted all three key features of the product.

Taken together, the results from Component 1 of the study suggest that the need for retirement savings is high among LMI tax filers (15% or fewer reported feeling on track to retire comfortably, and only 32% reported owning a retirement account). The results also suggest that a product with several of *myRA*'s features would be attractive to this population, particularly features like flexible withdrawals and a guaranteed interest rate. However, these results may indicate that saving for retirement would be difficult for LMI households even if they had access to a retirement product offered by an entity other than their employer. A real or perceived lack of money may be the source of that challenge.

## Component 2

# Promoting *myRA* in TurboTax Freedom Edition

In the 2016 tax season, CSD piloted interventions that tested the interest of LMI filers in opening and funding *myRA* at tax time. The overall approach paralleled those of the R2S savings interventions. Behavioral economics tools, specifically choice architecture and persuasive messaging, were used to encourage TTFE filers to deposit some or all of their tax refund into a *myRA*.

It was not possible to open savings accounts within tax preparation software used for this research. These interventions therefore functioned as “dry tests” of interest in *myRAs*. When a filer selected the option to “deposit” the refund into a *myRA*, they were shown information on how to open a *myRA* outside of the tax filing environment but could not deposit their refund directly into a *myRA* from TTFE.

This section explores the *myRA* interventions conducted in 2016 and their impact on tax filers’ interest in opening *myRAs* at tax time.

## Research Design

The *myRA* study integrated into the 2016 R2S experiment involved two elements. The first was a pre-tax season email sent before TTFE users provided information on *myRA*. The second was a set of interventions that were embedded within the TTFE tax-filing software, which invited filers to deposit some of their refund into a *myRA*.

### Pre-Tax Season Emails

In late December 2015, before the start of the 2016 tax season, Intuit contacted individuals who filed returns through TTFE in prior years, sending them one of three email messages related to *myRAs*. These emails

contained different types of *myRA* messaging. We use the terms *Simplicity*, *Starter Account*, and *Saver’s Credit* to distinguish the types. The following shows an example of each:

- |                        |  |
|------------------------|--|
| <b>Simplicity</b>      | “ <i>myRA</i> makes saving for retirement simple, safe and FREE of fees!”    |
| <b>Starter Account</b> | “Use your tax refund to start saving for retirement.”                        |
| <b>Saver’s Credit</b>  | “You could pay less in taxes this year—open a <i>myRA</i> account and save.” |

The full email messages can be seen in the Appendix.

### Interventions in TTFE

In addition to the pre-tax season emails, the 2016 R2S experiment included three *myRA*-focused interventions within the TTFE tax-filing process. We refer to them as the *Easy*, *Impossible*, and *Bigger Refund* interventions. These interventions combined persuasive messaging with choice architecture and proceeded in two stages. In the first stage, filers were shown one of three screens containing information on *myRA* accompanied by an option to click to learn more about the product. These screens had three themes that were aligned with the three interventions:

- |                      |  |
|----------------------|--|
| <b>Easy</b>          | “Saving for retirement doesn’t always seem easy” |
| <b>Impossible</b>    | “Saving for retirement can seem impossible”      |
| <b>Bigger Refund</b> | “Like an even bigger refund next year?”          |

These three screens are shown in Figures 4 through 7.<sup>3</sup>

After filers saw these messages, they were routed to the refund deposit screen (Figure 8). The screen’s choice

## Saving for retirement doesn't always seem easy...

Putting your savings into a retirement account can seem like a headache, without any guarantee that your money will be secure.

Introducing **myRA**. A new, quick starter retirement savings account that's changing the way Americans save for their future, brought to you by the **U.S. Department of Treasury**.



Simple to use



Affordable



Safe and secure



Learn more

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Figure 4. Predeposit screen shown to Easy intervention group. Copyright 2016 by Intuit, Inc.

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Putting your savings into a retirement account can seem like a headache, without any guarantee that your money will be secure.

Introducing **myRA**. A new, quick starter retirement savings account that's changing the way Americans save for their future, brought to you by the **U.S. Department of Treasury**.



Simple to use



- You choose how much to save
- Custom to set up payroll deductions to save automatically
- Penalty-free withdrawals of money whenever you need
- Directly deposit some or all of your refund to start saving more, faster

Affordable



- FREE to open
- No fees of any kind
- No minimum balances

Safe and secure



- Safely earn interest on your money
- Backed by the U.S. Treasury
- No risk of losing money

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Figure 5. The expansion screen shown if a tax filer in an intervention group clicked the "Learn more" button. Copyright 2016 by Intuit, Inc.



## Saving for retirement can seem impossible...

If it feels like day-to-day expenses and bills are always in the way of saving for retirement, you're not alone.

Introducing **myRA**. A new, quick starter retirement savings account that's changing the way Americans save for their future, brought to you by the **U.S. Department of Treasury**.



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Easy to manage and track



No hassles, no fees



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**Figure 6. Predeposit screen shown to the Impossible intervention group.**

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## Like an even bigger refund next year?

Get up to \$1,000 added to your refund next year by setting money aside for retirement.



Introducing myRA. A new quick starter retirement account that's making it easier and more affordable than ever to start saving today.

And it's brought to you by the U.S. Department of Treasury, so you'll never lose money from risky investments or be penalized if you need to make a withdrawal.

[Learn more](#)

**Figure 7. Predeposit screen shown to the Bigger Refund intervention group.**

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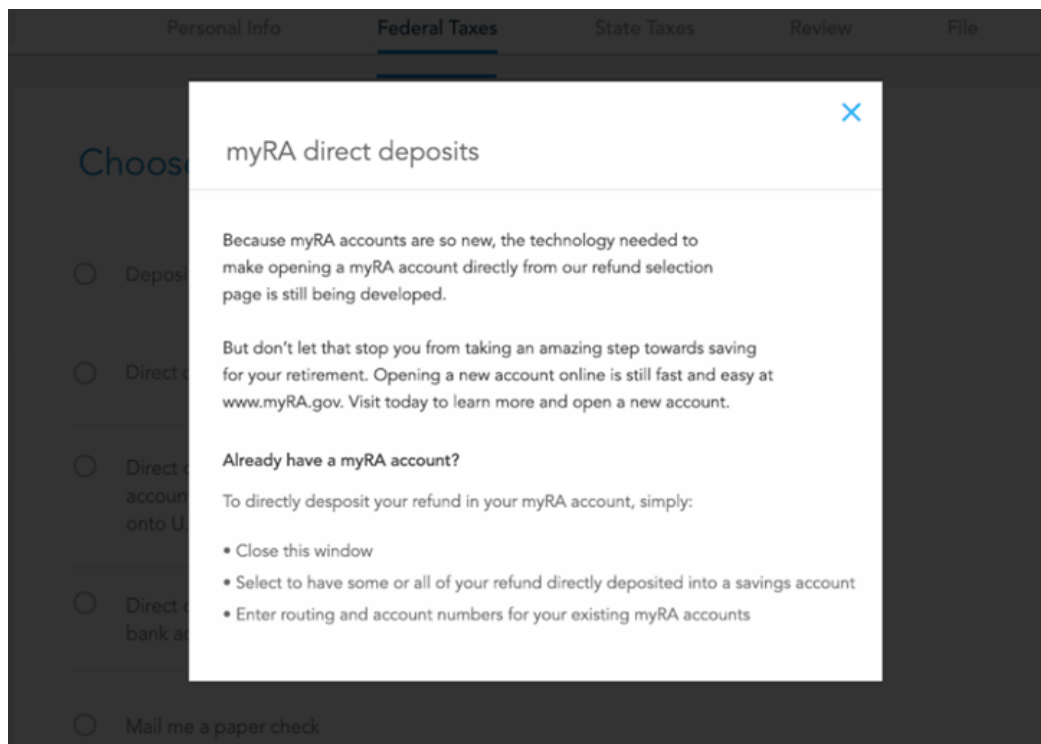
## Choose how you'd like your refund

- Deposit some or all of my refund into a **myRA** | my Retirement Account
- Direct deposit my entire refund into my savings account
- Direct deposit some of my refund into my savings account, and put some into another bank account or onto U.S. Series I Savings Bonds
- Direct deposit my entire refund into a checking or other bank account
- Mail me a paper check

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**Figure 8. Deposit screen shown to all myRA intervention groups.** Deposit screen utilized choice architecture to emphasize depositing to myRA. Copyright 2016 by Intuit, Inc.



**Figure 9. Pop-up screen shown if a tax filer in any myRA intervention group clicked to deposit to myRA.** Copyright 2016 by Intuit, Inc.

architecture emphasizes *myRA*; it both is the first option filers see and is branded with the *myRA* logo.

As noted, it was not possible to open savings accounts within the tax preparation software used for this research. Thus, filers who opted to deposit their refund to *myRA* were shown the pop-up screen (Figure 9). The screen invited them to open a *myRA* using the *myRA.gov* website.

## Sample, Data, and Analysis

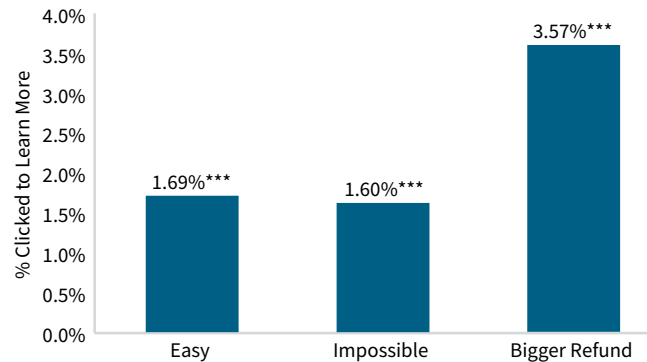
In 2016, 210,397 TTFE users were part of the *myRA* interventions embedded within the R2S experiment. Tax filers in that year qualified for TTFE if they had a household AGI of less than \$31,000, if they qualified for the Earned Income Tax Credit, or if a member of their household was on active military duty and the household had an AGI of less than \$61,000. As discussed above, R2S randomly sent one of three email messages about *myRA* to individuals who filed through TTFE in prior years (31,690 of the 210,397 filers in the *myRA* interventions). Approximately 33% of these filers opened the email.

## Results of the 2016 *myRA* Interventions

The Bigger Refund intervention group, which emphasized using *myRA* to get a bigger refund next year, appeared to have the most appealing *myRA* message. Filers assigned to that group were significantly more likely to click to learn about *myRA* (3.57%) than were participants assigned to the Easy (1.69%) and Impossible (1.60%) groups (Figure 10). Thus, this intervention, which emphasized using the Saver's Credit to get a bigger refund, yielded over twice as many clicks as the next best intervention.

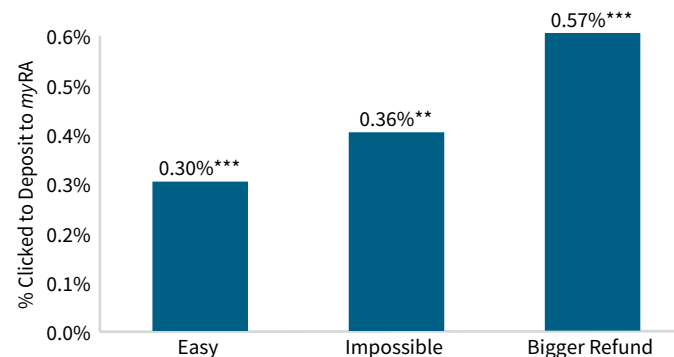
Similarly, participants in the Bigger Refund intervention group were 1.5 times more likely to select the option to deposit their refund into a *myRA*: 0.57% did so in this group, 0.30% selected it in the Easy group, and 0.36% chose it in the Impossible group (Figure 11). Taken together, these results are evidence that messaging around the potential financial benefits of saving is more effective than messaging about making saving easier.

Tax filers who were sent a pre-tax season *myRA* email were more responsive to the TTFE interventions than were counterparts to whom no message was sent. Compared with participants who were not sent a pre-tax season email and were subsequently assigned to an intervention group, intervention participants who were sent an email were almost 60% more likely to click to learn more about *myRA* and approximately 25% more likely to click to deposit to *myRA* (Figures 12 and 13).<sup>4</sup>



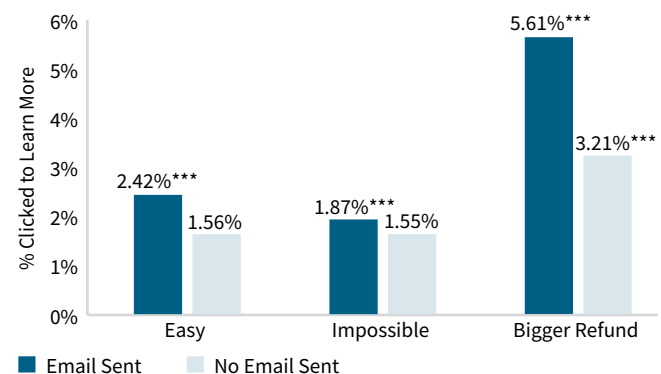
**Figure 10. Percentages of tax filers who clicked to learn more, by *myRA* intervention.** Easy intervention group  $n = 70,248$ ; Impossible intervention group  $n = 70,269$ ; Bigger Refund intervention group  $n = 69,880$ .

\*\*\* Different from other two groups,  $p < .01$ .



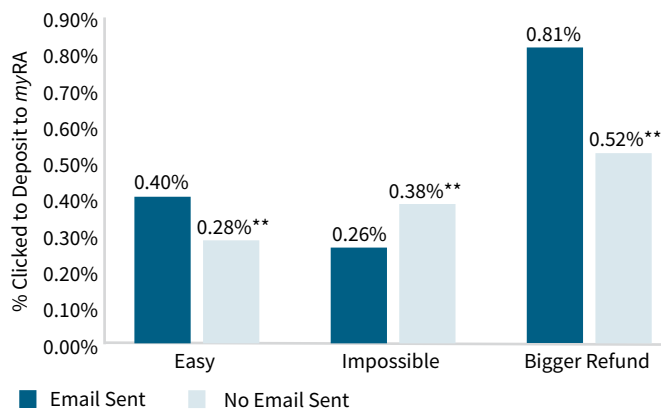
**Figure 11. Percentages of filers who clicked to deposit in a *myRA*, by intervention.** Easy intervention group  $n = 70,248$ ; Impossible intervention group  $n = 70,269$ ; Bigger Refund intervention group  $n = 69,880$ .

\*\* $p < .05$ ; \*\*\* $p < .01$  (different from other two groups).



**Figure 12. Percentages of filers who clicked to learn more, by whether they were sent a pre-tax season email.** Email sent  $n = 31,690$ ; no email sent  $n = 178,707$ .

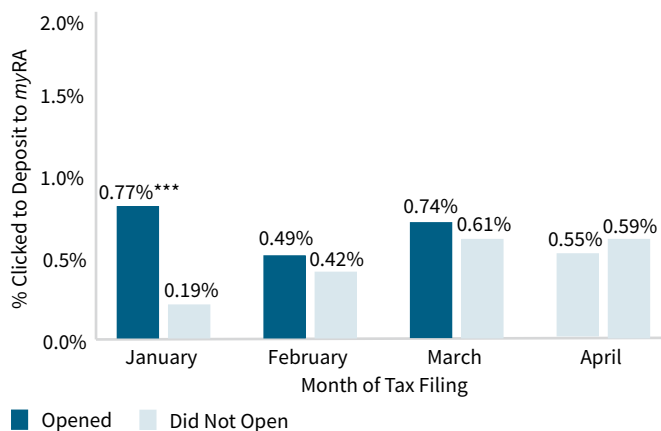
\*\*\* $p < .001$  (different from other two intervention groups).



**Figure 13. Percentages of filers who clicked to deposit to myRA, by whether they were sent a pre-tax season email.**

Email sent  $n = 31,690$ ; no e-mail sent  $n = 178,707$ .

\*\* $p < .01$  (different from other two intervention groups).



**Figure 14. Email effects on clicks to deposit to myRA, by month.** The figure illustrates comparisons of filers who were sent and opened the December 2015 pre-tax season emails ( $n = 10,443$ ) with filers who were sent but did not open the messages ( $n = 21,275$ ).

\*\*\*  $p < .001$  (opened different from did not open).

Figure 14 shows that the timing of emails matters: They appear to have had a larger effect on participants who filed in January 2016, which was relatively close to when the emails were sent in December 2015. Compared with participants who did not open the email, participants who opened one and filed taxes in January were four times as likely to click to deposit in a myRA.

## Discussion

We draw three major conclusions from this analysis. The first is that interest in opening a myRA at tax time was low among tax filers using TTFE. The most effective treatment condition, which referenced the potential to increase the refund by opening a myRA and claiming the Saver's Credit, drove only 0.6% of tax filers to click to deposit to a myRA. With the combination of this intervention and the pre-tax season email

about myRA, the rate of clicks to deposit to a myRA increased to 0.8%. However, the context of these results is important: TTFE serves hundreds of thousands of people each year, and even small shifts in decisions can lead to large aggregate impacts. For example, had the most effective treatment (combining an email and exposure to the Bigger Refund condition) been given to all participants in the 2016 R2S experiment, 36,000 of them would have clicked to learn more about myRA and about 4,000 participants would have clicked to enroll in myRA. Although this number may not seem large, approximately 20,000 people had signed up for a myRA by the end of 2016 (Lobosco, 2016). Thus, even this relatively small number would represent a substantial percentage increase in the overall number of myRA participants.

The second major conclusion is that filer interest in myRA can be motivated by messaging. Both the emails and the Bigger Refund condition—which included messaging about receiving additional tax credits through myRA deposit—were associated with increases in clicking to learn more about or clicking to deposit to a myRA at tax time. However, while the messaging about the Saver's Credit was simple, the credit itself is not. Relying on this credit to drive interest in myRA may present additional challenges in tax compliance, and filers may have difficulty understanding how their behaviors will impact their tax bill or refund amount.

Finally, these results also suggest that the timing of the pre-tax season email impacts behavior. Participants who opened the December 2015 myRA email and filed their taxes in January 2016 were more likely to click to deposit to myRA. From this, we can infer that myRA-related interventions—and perhaps savings interventions in general—should be timed so that emails raising awareness of savings options coincide with offers encouraging households to save. But households can file taxes at any point between January and mid-April; the effectiveness of emails may erode with the passage of time. Thus, it may be best to contact people at multiple points in order to ensure that they receive savings messages around the time when they make the decision on whether to save.

Had the most effective treatment ... been given to all participants in the 2016 R2S experiment, **36,000 OF THEM WOULD HAVE CLICKED TO LEARN MORE ABOUT myRA AND ABOUT 4,000 PARTICIPANTS WOULD HAVE CLICKED TO ENROLL IN myRA.**

## Component 3

# Promoting *myRA* at VITA Sites

## Background

The third element of CSD’s study of *myRA* promotion involved investigating opportunities to promote *myRA* at VITA sites. As previously mentioned, VITA sites offer free tax assistance to LMI households, people with disabilities, and people who are not fluent in English. The sites are typically located within dedicated non-profit spaces or in publicly accessible locations within a community (e.g., libraries and college campuses). The funding for these sites comes from the IRS VITA Grant Program,<sup>5</sup> but other funding may be provided from nonprofit, foundation, or other government sources. These sites present an attractive promotional opportunity because the client base is sizable and is typically comprised of low-income households that may not have access to traditional retirement savings options or may have difficulty saving. In 2014, VITA sites served 1.8 million clients. Of these, 60% earned less than \$40,000 a year and half earned less than \$25,000.<sup>6</sup> Furthermore, about 83% of VITA clients received a tax refund and the average refund size was \$1,868. The estimates suggest that many VITA clients may benefit from access to new retirement savings options and may also be in a position to fund new accounts at tax time. Some VITA sites already have infrastructure to promote saving and account opening at tax time. They also have volunteers and staff who encourage clients to develop financial capability. Additionally, many VITA sites attract return clients. Thus, there are possibilities for year-over-year promotion of saving and savings products.

The project’s third component involved visits to multiple VITA sites. The research team conducted interviews with VITA directors, staff, volunteers, and tax filers. Team members also observed how sites currently promote *myRA* and tax time savings in general. The goal of these visits was to advise the Treasury Department

on the overall potential for VITA sites to drive *myRA* enrollment and to provide the department with guidance on messaging and other promotional approaches to increase enrollment at VITA sites. This component also supported the development of trainings to drive *myRA* interest, engagement, and familiarity with among VITA volunteers and staff. It also explored ways of leveraging TaxSlayer—the tax filing software used by many VITA sites—and existing VITA training materials to facilitate *myRA* enrollment. Finally, CSD used learning from this component to develop data collection instruments to help Treasury understand savings and *myRA* promotion at VITA sites.<sup>7</sup>

The central focus of this research was to determine the best way to develop educational and outreach-related messaging for VITA preparers and tax filers. The research focused on three key questions:

1. What were the barriers to *myRA* take-up at VITA sites?
2. What were the opportunities to improve *myRA* take-up at VITA sites?
3. What were the leverage points to improve *myRA* take-up at VITA sites?

## Methods

The CSD research team visited six VITA sites during the 2017 tax season: two sites in the Midwest, two on the West Coast, one on the East Coast, and one in the Mountain West. Three were large sites, one was a moderately sized site, and two were smaller sites. Larger sites tended to manage high volumes of tax filers, employed an array of full- and part-time staff, and operated in multiple locations. Smaller sites tended to



have only a few dedicated staff members and managed relatively low volumes of tax filers.

Researchers conducted 60 interviews to investigate the three questions outlined above:

- ❖ 20 with VITA site staff and volunteers, including tax preparers, quality reviewers, and financial capability coaches (approximately 30 minutes per interview)
- ❖ 10 with staff at the organizations that sponsored the VITA sites, including managers of VITA programs, financial capability directors, and VITA site coordinators (approximately 1 hour per interview)
- ❖ 10 with executive directors of organizations sponsoring VITA sites (approximately 1 hour per interview)
- ❖ 20 with tax filers (approximately 15 minutes per interview)

After data collection was complete, CSD researchers transcribed and coded the interviews. Three researchers collectively conducted three rounds of coding that enabled systematic identification of themes and patterns in the data.<sup>8</sup>

## Results

### Perceptions of *myRA* and Tax Time Savings

#### *Perceptions of myRA among interviewees at VITA sites and sponsoring organizations*

Both the volunteers and staff of the organizations sponsoring VITA sites held positive perceptions of *myRA*. The vast majority of interviewees liked the concept. Many indicated that the *myRA.gov* website was well designed and useful. In particular, VITA site volunteers and staff found the savings modeling tool on the *myRA.gov* website to be helpful in working with tax filers. Additionally, some participants found that *myRA* was a useful tool to help filers think about saving in general, even beyond retirement saving.

Notably, several interviewees indicated that they had opened their own *myRAs* or were planning to do so that tax season. These interviewees reported using personal experience with either opening or thinking about *myRA* to talk with filers about the product.

The volunteers and staff of VITA sites appreciated many of *myRA*'s features. In particular, respondents were enthusiastic about the fact that there were no fees to open an account and no ongoing account-maintenance fees. Interviewees also expressed appreciation for

*myRA*'s interest rate, which was better than those offered for savings accounts. Volunteers and staff acknowledged that *myRA* was not tied to an employer, and they recognized the benefits of this. Although many indicated that *myRA* was a particularly good option for younger tax filers (i.e., those not close to retirement age), they also saw value for older/retired filers, who could use *myRA* as a high-interest savings account.

#### *Tax filers' perceptions of myRA*

Although very few had heard of *myRA* prior to their interviews, all filers who participated reacted positively to the concept. When asked about *myRA* features that were most appealing, filers most frequently mentioned the ability to make withdrawals at any time without paying a penalty. Filers also expressed appreciation that no minimum deposit was required to open an account. They indicated that they valued the security of the account and the fact that their savings would not be reduced by fees or stock market fluctuations.

Interestingly, the slight barrier to accessing their money was seen as a plus: *myRAs* are not directly linked to users' checking accounts in the way traditional savings account may be. Respondents indicated that this slight barrier would likely help them avoid spending what they had saved. This finding suggests that tax filers possess a high degree of self-awareness concerning their financial habits. Moreover, the finding supports prior ones showing that illiquidity of savings and difficulty in accessing savings are appealing features for potential savers considering savings products (Ashraf, Karlan, & Yin, 2006; Beshears et al., 2015).

The *myRA* slogan, "Simple, Safe, Affordable," was generally liked by those who had heard it, but awareness of it was low. Approximately two thirds of respondents reported that they had not heard the slogan. Some VITA volunteers and staff expressed concern that the language might be too nuanced for tax filers whose primary language is not English. Some VITA sites serve predominantly immigrant communities, and the slogan could impede marketing in such contexts.

#### *Perceptions of Savings in General at VITA Sites*

Outside of discussions of *myRA* specifically, study participants also commented on the role of VITA sites in promoting saving. Site volunteers and staff commonly expressed the belief that many filers do not have enough money to save at tax time. Interviews with filers confirmed that financial needs and limited resources constrained their ability to save, yet many identified long-term financial goals.

Among VITA filers, the most prevalent reported use of the tax refund was for immediate needs, including



paying bills and paying off debt. Among VITA filers who saved some of the refund, the most commonly reported purpose for saving was for emergencies. Although filers sometimes expressed the intention to save for long-term goals, they often acknowledged that the money would be kept and used in the event of an emergency.

A limited number of filers said that they were saving for retirement. Some of them indicated that family example played a role in their decision to save. This influence was complex. Some reported that they found motivation to save in observing family members who had not saved for retirement and had to work into their later years. Others reported that they found it in a positive savings example.

Using the tax refund to purchase U.S. savings bonds was associated with saving for others such as children or grandchildren. This association indicates that, in some cases, messaging around saving for others may be more effective or appealing than messaging around saving for the filer's needs.

The SaveYourRefund campaign appeared to be highly effective in encouraging savings behaviors. Doorways2Dreams (now called Commonwealth) initiated the campaign with the goal of encouraging saving through refund splitting.<sup>9</sup> Filers who save at least \$50 of their federal refund are eligible to win \$100 in a weekly raffle and \$25,000 at the end of tax season. Although not every site that we visited participated in this campaign, interviewees at participating sites expressed positive feelings about it.

## Barriers to *myRA* Take-up

Participants noted a number of barriers associated with low *myRA* take-up. These barriers fell into three categories: organizational barriers, barriers associated with volunteers, and barriers faced by tax filers.

### Organizational barriers

Four primary organizational barriers emerged during the research. The first relates to the rules and administration of IRS grants that fund VITA sites. The IRS grants emphasize the number of tax returns completed. This emphasis may create a disincentive for using the tax filing moment to share information on nontax topics such as saving, including saving in *myRA* or other types of accounts. It appeared that *myRA* promotional efforts were more prevalent at sites that, due to funding or other supports, had the ability to build capacity for a range of efforts that were not directly tied to IRS grants.

A second organizational barrier was variation in the resources available at VITA sites. Interviewees at a

number of VITA sites indicated that the limited staff, computers, and Internet bandwidth were already committed to addressing client needs and that no physical resources could be devoted to *myRA* opening. In this respect, there was variation between the organizational capacities of smaller sites (in terms of number of clients) and larger sites as well as between the capacities of rural and urban sites. At some small sites that did not have dedicated savings coaches, interviewees reported difficulty going beyond tax preparation. Three of the six sites we visited had savings coaches.

Variation in organizational mission was a third barrier to *myRA* take-up. Efforts to promote *myRA* aligned well with the goals of organizations that run VITA sites and embrace financial capability as a central mission tenet. Other organizations saw themselves as tax preparation sites with little capacity to do more; these tended to be small sites with few resources.

A final organizational barrier faced by all VITA sites was a scarcity of cognitive bandwidth on the part of VITA volunteers. Volunteers must absorb a large amount of technical tax information and software usage instructions. These demands crowded out opportunities to train volunteers about options for saving, including *myRA*. Furthermore, the 2017 *VITA/TCE Training Guide*, a 422-page manual for sites offering services through VITA and the Tax Counseling for the Elderly program, referenced *myRA* only once in any detail (Internal Revenue Service, 2016). Any *myRA* awareness-building efforts were likely lost in the volume of information given to volunteers and staff. The challenges inherent in tax-preparation training provide an argument for focusing *myRA* promotion on clients and for integrating *myRA* into the systems used by volunteers. TaxSlayer is an example a system capable of such integration.

### Volunteer barriers

Volunteers at VITA sites appeared to be universally dedicated to helping taxpayers, but some indicated that they were too busy and overwhelmed with the volume of filers to spend time talking about saving. Because financial capability coaches were not available at all sites, tax preparation volunteers were often the only ones interacting with filers about saving.

Another barrier identified by volunteers was their discomfort in discussing saving, a topic that some said was too personal to broach with low-income filers. Further, some volunteers indicated that they did not agree to do more than prepare taxes.

Although most volunteers had favorable opinions of *myRA*, some did not like the product because they thought that it was not useful or that it was too complicated for VITA filers. High volunteer turnover was an additional challenge that prevented some VITA sites

from building institutional knowledge about *myRA*. With many new volunteers needing to be trained on tax preparation, it was challenging to add another element when their mental capacity was strained by the volume of information they were required to learn. All of these challenges limited volunteers' understanding of *myRA*'s features and rules.

### *Tax filer barriers*

Many tax filers who participated in the study reported feeling that they could not afford to save. They prioritized nonsavings goals such as paying bills, paying down debt, and purchasing durable goods. By the time filers came to VITA sites, they had already decided how they wanted to allocate their refunds and saving often did not factor into their plans.

VITA sites may promote a variety of savings products, including traditional savings accounts and U.S. savings bonds. Savings accounts and U.S. savings bonds appeared to be familiar to interviewed filers, and they indicated a preference for products with which they were familiar. Additionally, VITA volunteers and staff were trained to be responsive to taxpayers' preferences, allowing clients to make savings choices. This client-driven approach may discourage filers from pursuing new or unfamiliar products like *myRA*, even if they are the best products to meet their financial needs.

As we indicated above, the vast majority of interviewed filers were unaware of *myRA* before the interview. This was perhaps not surprising given that *myRA* was relatively new. The program launched in 2015, and the research team conducted interviews in early 2017. In general, people making financial decisions prefer options that are familiar and distrust ones that are unfamiliar (Cao, Han, Hirshleifer, & Zhang, 2011). Research also demonstrates that individuals who are more familiar with a brand take less time to make a decision about that brand and are more confident in their decision (Park & Lessig, 1981). These findings suggest that efforts to increase awareness of and familiarity with *myRA* among VITA tax filers might have increased take-up. They also suggest that enrollment could have compounded over time.

Several other barriers emerged during conversations with tax filers. For example, *myRA* offered no online sign-up process for filers who were not U.S. citizens. Further, language barriers may have impeded *myRA* take-up in some cases. Many VITA sites serve filers who do not speak English or speak English as a second language, but the sites do not have interpreters. In addition, some filers indicated that a lack of trust in government made them hesitant to participate in *myRA*.

Finally, some filers lacked Internet access and did not have home computers or smartphones, so online sign-

up would have been difficult. Other filers indicated that they experienced difficulty getting past the identity verification procedures (e.g., the security questions posed) in the *myRA* online account sign-up process.

### *Opportunities for myRA Promotion*

Before the discontinuation of *myRA*, this study uncovered a number of ways in which awareness of *myRA* could have been promoted. The opportunities included modifying existing resources, creating new promotional tools, and intervening in structural ways.

#### *Modification and promotion of existing resources*

The *myRA.gov* website offered VITA sites a variety of promotional materials, including a *myRA* toolkit. Awareness of these resources among VITA volunteers and staff was low, however; many indicated that flyers and other promotional materials were needed. The CSD research team observed that modifying resources to include more graphics, such as a compound-interest growth curve, could have made the materials more useful to sites. Further, the links to PDFs on *myRA.gov* could have been more prominent. Both VITA staff and volunteers mentioned that they liked the *myRA.gov* website but that printable PDFs would have been helpful.

The multicultural composition of VITA tax filers offered other opportunities to increase the effectiveness of promotional materials. It would have been useful to expand the number of languages in which *myRA* promotional materials were available and to provide promotional materials with culturally appropriate messaging. One volunteer suggested that existing materials could be modified to include varying messaging. For example, the messaging tailored for immigrants might differ from that for nonimmigrants, and messaging for older filers might differ from that tailored for younger ones.

#### *Expansion of the types of promotional materials*

A variety of suggestions for broadening the types of promotional offerings emerged during the study. Interviewees specifically mentioned table tents, business cards, trifold brochures, and fact sheets for the Saver's Credit (one for volunteers and one for tax filers).

Volunteers and staff suggested that it would have been useful to place *myRA* table tents in front of volunteers' computers because filers often sit at the volunteers' stations for long periods of time while their taxes are prepared. A simple, salient display for these volunteers' stations could have enhanced awareness and interest in *myRA*. Promotional materials could also have been included with the intake forms and the other

paperwork that filers complete during the VITA process's long periods of waiting. The Saver's Credit can be complicated, and simplicity in the client-focused messaging likely would have been beneficial.

Some other interviewees suggested that promotional strategies should have included national advertising, an informational video, and posters. One VITA site showed a *myRA* video in its waiting room, but the feasibility of presenting a video depends upon the resources available to agencies. Staff at VITA sites also indicated that filers would have benefitted from information on how to open a *myRA* on their own.

#### *myRA and the process of training VITA volunteers*

Awareness of *myRA* and other savings options could be broadened by expanding VITA volunteer training on the Saver's Credit. In general, promoting the Saver's Credit would have integrated *myRA* into tax preparation, helped volunteers overcome their discomfort around discussions of savings, and addressed their disinclination to discuss anything beyond taxes. Interviewed VITA staff mentioned that tax preparation volunteers are particularly motivated to maximize the filer's refund; promotion of the Saver's Credit may have enabled volunteers to see it as an appealing strategy for helping tax filers rather than as an additional task in a lengthy process.

Moreover, the IRS could have added a section on *myRA* to the standard VITA training and included a question about *myRA* on the VITA certification test, which required no knowledge of savings or of *myRA*.

Our conversations with study participants indicated that volunteers would have benefitted if, during training, they had received a simple script with the top-three selling points for *myRA*. Similarly, volunteers' lack of knowledge about *myRA* and any general discomfort in discussing saving could have been overcome if volunteer training had included brief role-playing activities.

#### *Promotional opportunities in the virtual VITA, drop-off, and valet models of VITA tax preparation*

A relatively new set of VITA models enables filers to avoid lengthy visits by dropping off their tax information at the VITA site. Volunteers prepare their tax returns, and filers pick up their completed returns in about a week. This new VITA model had potential to improve *myRA* take-up because it incorporates two "touches" with filers. Staff or volunteers could have informed filers about *myRA* when they dropped off information and followed up when filers returned to pick up their returns.

#### *Past and future opportunities to promote saving with the IRS intake form (the "pink form")*

When a taxpayer seeks assistance at a VITA site, a staff member or volunteer completes an intake form. Awareness of *myRA* could have been broadened by modifying the form to ask tax filers whether they had opened such an account. This modification and the insertion of *myRA* educational materials with intake paperwork could have integrated discussion of retirement savings into the tax preparation process.

For example, Part VII of the IRS VITA intake form asks filers how they would like to allocate their refund (direct deposit, split refund, or purchase savings bonds). Incorporating *myRA* into this section could have facilitated enrollment in or discussion of *myRA* during the tax filing process.

Some sites also use a brief financial survey to guide discussions of savings during tax preparation. A survey template for VITA sites could facilitate engagement with options like *myRA*.

#### *Engage tax filers during downtime*

Due to the demand for services at some VITA sites, filers who turn to those sites for tax preparation can sometimes experience wait times of several hours, both after they fill out their intake forms and again when their returns are reviewed for quality assurance. Waiting periods present opportunities for both passive and active savings promotions.

For example, VITA sites could have leveraged tax filer wait time by using videos, posters, stands, handouts, and flyers to promote *myRA*. These reminders about *myRA* could have prompted filers to ask VITA volunteers about the program. Further, promotional materials could have provided step-by-step instructions on opening *myRA* from a smartphone. That would have enabled filers to open *myRAs* while they waited.

The CSD research team observed that filers have downtime even when sitting with the volunteer tax preparers. The volunteer focuses on preparing the return, and the taxpayer has little to do. Promotional materials placed at each station (e.g., table tents between volunteers' computers and the filer) could have leveraged taxpayer downtime. At some sites, financial capability coaches used the time to make contact with filers.

#### *Leverage the TaxSlayer tax-filing software*

TaxSlayer tax-filing software, which is used to electronically prepare and file taxes at most VITA sites, is the driving force in volunteers' interactions with filers and represents a key opportunity to promote tax



time saving at VITA sites.<sup>10</sup> That opportunity is covered extensively in a separate, unpublished CSD report for the Treasury Department. Some of the key suggestions are worthy of note:

- ❖ On TaxSlayer’s refund deposit screen, the deposit options could have been changed so that depositing to *myRA* was an explicit option, and the screen could still be changed to increase the salience of the option to deposit the refund into a savings account. This recommendation is based on the results from the R2S Initiative, which have shown that the rate of deposits to savings can be increased by providing explicit savings-deposit options when filers are choosing how to allocate their refund.
- ❖ TaxSlayer could have allowed filers to indicate *myRA* interest during the filing process and could have sent automated follow-up emails about the process for opening an account. This suggestion is based on the R2S finding that *myRA*-specific emails delivered prior to the tax season were associated with expressions of filer interest in depositing to *myRA* at tax time.
- ❖ TaxSlayer could have modified screens, scripts, and prompts to promote filer–volunteer discussions about *myRA*. Through such modifications, it might have been possible to overcome volunteers’ documented discomfort in discussing saving with filers. Such modifications might have made volunteers more willing to discuss with filers the intended uses for refunds and to raise awareness of savings options.

Although aspects of VITA sites may have made them more appropriate for opening *myRAs* at tax time, work on the R2S Initiative leads us to believe that there may have been limited potential to substantially enhance *myRA* enrollment through modifications of the TaxSlayer platform. When the R2S Initiative embedded *myRA* deposit options into TTFE, for example, very few people indicated interest in using their tax refund to open a *myRA*. Embedding *myRA* deposit options into TaxSlayer might have yielded similar results.

### *Integration of myRA and the SaveYourRefund campaign*

Study participants viewed the SaveYourRefund campaign very positively. Implementing additional savings promotions of a similar sort could facilitate promotion of a savings vehicle like *myRA*. Raffles and match incentives are promising possibilities. Also, it would be beneficial if the VITA training manual summarized SaveYourRefund in the section on e-filing and deposit decisions.

Further, the SaveYourRefund campaign could be integrated into TaxSlayer. In the TaxSlayer process,

immediately before the deposit decision is made, a discussion of the campaign could motivate volunteers to prompt filers about saving. Additionally, the deposit screen could present text emphasizing SaveYourRefund as well as the option to choose a savings account or another vehicle similar to a *myRA*.

### *Retirement or Emergency Savings? How to Frame myRA*

Some VITA staff and volunteers liked the idea of framing *myRA* as both an emergency savings vehicle and a retirement account. The ability to withdraw money from a *myRA* at any time without penalty appealed strongly to filers. Yet some VITA staff and volunteers preferred to promote *myRA* as a retirement account and to promote other products, such as traditional savings accounts, for emergency savings. Others expressed the view that it was important to tailor messaging to each specific taxpayer.

The research reported here lends several additional insights into strategies for improving the framing of products like *myRA*. Volunteers could have asked filers about their financial priorities before discussing savings products such as *myRA*. Scripts for both framing strategies—emergency and retirement savings—might have broadened the effectiveness of volunteers’ efforts. Finally, *myRA* promotional materials might have been more effectively framed if displayed in a way that was tailored to each VITA site’s specific client base. For example, promotional materials emphasizing retirement savings would have been more appropriate for sites that generally serve young filers, and materials emphasizing emergency savings would have been most effective at sites that primarily serve older filers.

### *Matching Promotional Strategies to VITA Sites*

Our study demonstrated that VITA sites are heterogeneous. Some are stable, large, and well funded. These have numerous satellite locations, long-term volunteers, and infrastructure dedicated to promoting financial capability beyond tax assistance. Other sites are small, operate with pressing funding constraints, have fluctuating client and volunteer bases, and possess little capacity to provide services beyond filing taxes. Although somewhat reductive, this contrast between larger, more established VITA sites and smaller, more constrained sites can inform thinking about how to target promotions appropriately.

### *Promotional strategies for smaller VITA sites*

Smaller or more resource-constrained VITA sites may need to rely on promotional tools that are automatic, allow sites to “passively” promote *myRA*-style products (e.g., through posters or flyers), and encourage clients

to manage sign-ups themselves. The following is a short list of promising strategies for such sites:

- ❖ Conduct interventions through TaxSlayer
- ❖ Provide email templates for pre- and post-visit messages and well as for valet VITA contacts
- ❖ Integrate information on products like *myRA* into training resources
- ❖ Provide templates for essential items used by agencies (e.g., client intake forms), items that incorporate branding and messaging associated with products like *myRA*
- ❖ Engage in passive promotion through display of posters and brochures
- ❖ Agencies could quickly prime volunteers on saving by providing very short, 1- to 2-minute trainings on products like *myRA*

#### *Promotional strategies for larger VITA sites*

Larger or more well-resourced sites should deploy the automatic, passive, and client-managed promotional strategies recommended for smaller sites. But they should also develop approaches that directly engage staff and volunteers in discussions about saving and products like *myRA*. Large sites may be able to offer longer trainings (5–7 minutes) that incorporate role-playing on ways to promote financial capability. In addition to table tents and enhanced flyers that filers can view during the filing process, such sites may be able to develop scripts and talking points about savings products. Further, larger sites may be able to develop checklists prompting discussions of financial capability offerings and to incorporate them in volunteer-client interactions.

#### **Lessons for General Tax-Time Savings Promotion**

Although the discontinuation of the *myRA* program was announced in 2017, this study has led to a number of insights on the barriers, opportunities, and potential strategies for promoting savings products at VITA

sites. Several findings can also inform approaches to promoting tax-time saving in general. The following are key findings for promoting tax-time saving:

- ❖ Many VITA site staff and volunteers believed that taxpayers lack sufficient money to save, but taxpayers reported a variety of financial goals, including long-term plans like buying a home and building emergency savings.
- ❖ Some volunteers at VITA sites feel uncomfortable discussing savings with taxpayers.
- ❖ VITA sites sometimes have very limited capacity to promote saving.
- ❖ Savings promotions, such as SaveYourRefund, were very popular with taxpayers.
- ❖ VITA site staff and volunteers expressed a desire for additional promotional materials and tools—for example, fact sheets about the Saver’s Credit.
- ❖ Efforts may effectively promote tax-time saving before the tax season, when taxpayers are still deciding what to do with their refund.
- ❖ Tax-time savings opportunities could be more effective if incorporated into TaxSlayer so that they are more “automatic.”

Given the capacity constraints of VITA sites and volunteers, keeping savings choices as “automatic” or streamlined as possible could be beneficial. Several other measures may be effective in promoting tax time saving. Updates to the TaxSlayer environment could emphasize savings choices. By cultivating partnerships with banks, VITA sites could encourage filers to open accounts and make it relatively easy for them to do so. Also, sites that allow tax filers to make appointments could contact filers in advance of their appointments, asking them to bring in their savings account numbers.

In addition, given the financial constraints of filers, emphasizing the incentives to save and developing behavioral messages that frame savings in an appropriate way could drive saving in a population that finds it

**Several BARRIERS IMPEDED [*myRA*’S] PROMOTION at VITA sites: A LACK OF SPACE AND STAFF, A LACK OF VOLUNTEER FAMILIARITY AND COMFORT with *myRA*, a general LACK OF CAPACITY TO PROMOTE FINANCIAL CAPABILITY OFFERINGS, AND A LACK OF TAXPAYER FINANCIAL RESOURCES.**

difficult. For example, sites could encourage take-up of the SaveYourRefund campaign. They also could use behavioral techniques like anchoring, loss aversion, and prompting a future orientation. Although VITA clients face financial constraints, many also have long-term financial goals and may be interested in learning about opportunities to save. This is an important point to emphasize with VITA site staff and volunteers.

Given some volunteers' reluctance to discuss with filers any financial issues beyond taxes, normalizing and institutionalizing discussions about saving may help drive more productive savings promotion. For example, it could be useful to engage in role-playing during volunteer training and to give volunteers a tax return checklist that prompts them to ask filers about their goals for their refund. Sites with sufficient resources could deploy dedicated savings coaches or financial capability volunteers in order to alleviate some of the burden of savings promotion, a burden now largely borne by tax preparation volunteers. Finally, the different approaches to *myRA* promotion at smaller VITA sites and larger VITA sites can apply to general savings promotion as well.

## Discussion

This section presents findings from Component 3, a qualitative study exploring promotion of *myRA* at VITA sites. Our results indicate that tax filers generally liked the concept of *myRA* and that VITA site leadership, staff, and volunteers tend to have favorable opinions of *myRA*. However, awareness of *myRA* was low among filers and several barriers impeded the program's promotion at VITA sites: A lack of space and staff, a lack of volunteer familiarity and comfort with *myRA*, a general lack of capacity to promote financial capability offerings, and a lack of taxpayer financial resources were noted. Smaller VITA sites are particularly vulnerable to the challenges. These constraints are substantial.

Filers who rely on VITA services often are severely income constrained. When they can save, they tend

to set aside funds for short-term concerns such as financial emergencies or other unplanned needs. It is therefore important to develop promotional approaches that meet agencies and tax filers “where they are.” Light-touch promotion efforts with automatic features may be effective at smaller or more resource-constrained sites; high-engagement efforts can be reserved for larger sites with appropriate capacity. Our findings suggest that it might have been useful to frame *myRA* as a stable, long-term savings vehicle or as a high-interest, secure, emergency savings product (depending on the needs of the client). That insight should inform the development of similar products in the future.

Despite the noted barriers to promotion, our findings indicate that there are opportunities to better promote products like *myRA* at VITA sites. Examples include creating new promotional materials (e.g., flyers and table tents), disseminating materials broadly, incorporating product information into volunteer training, and leveraging opportunities to connect with tax filers—for example, making contact with filers prior to tax season and during long wait times at VITA sites.

When [TAX FILERS] can save, they tend to SET ASIDE FUNDS FOR SHORT-TERM CONCERNS LIKE EMERGENCIES. It is therefore IMPORTANT TO develop promotional approaches that MEET AGENCIES AND TAX FILERS “WHERE THEY ARE.” LIGHT-TOUCH promotion efforts with automatic features may be effective AT SMALLER SITES; HIGH-ENGAGEMENT efforts can be reserved FOR LARGER SITES with appropriate capacity.



## Conclusion

The results of the Applications for *myRA* project suggest both barriers and opportunities for improved tax-time promotion of products like *myRA*. The analysis confirms that the need for retirement savings is high among LMI households, and it further demonstrates this population's interest in products like *myRA*. These conclusions are supported by the project's VITA site research (Component 3). Despite filers' generally positive reactions to *myRA*, financial resource constraints and lack of access to employer-sponsored retirement accounts remain substantial barriers to retirement saving among LMI households. Households struggling to cover necessary expenses may not be able to allocate the resources required to save for long-term objectives and often prioritize saving for emergencies over saving for other goals. This may explain why easy withdrawals were a popular feature of *myRA* and may also suggest a possible marketing strategy for similar products.

Results from Component 1 of the project lend themselves to the development of that strategy. They suggest that straightforward, informational messaging worked best at driving name retention and interest in *myRA*. This may be because *myRA* was a very new product when the messages were tested or because respondents were influenced by the format in which the messages were delivered. It is possible that, in an online tax-filing context in which filers are distracted or focused on other tasks, direct, informational messaging works better than personalized messaging based on testimonials.

Results from the project's tax-time experiments further suggest the effectiveness of messaging around using *myRA* and the Saver's Credit to get a larger refund. Among the tested messaging strategies, that approach was the most effective at driving interest in the *myRA* product. The experimental results also indicate that pre-tax season emails, particularly emails sent shortly before individuals file their taxes, can influence interest. Despite the low percentage of filers clicking to open

## KEY FINDINGS

- ❖ Some VITA site staff and volunteers BELIEVED THAT TAXPAYERS LACK SUFFICIENT MONEY TO SAVE, but TAXPAYERS REPORTED a variety of financial goals, including LONG-TERM PLANS like buying a home and building emergency savings.
- ❖ Volunteers at VITA sites FEEL UNCOMFORTABLE DISCUSSING SAVINGS with taxpayers.
- ❖ VITA sites sometimes have very LIMITED CAPACITY TO PROMOTE SAVING.
- ❖ Savings promotions, such as SAVEYOURREFUND, were very popular with taxpayers.
- ❖ VITA site staff and volunteers expressed a DESIRE FOR ADDITIONAL PROMOTIONAL MATERIALS AND TOOLS—for example, fact sheets about the Saver's Credit.
- ❖ Efforts may EFFECTIVELY PROMOTE TAX TIME SAVING BEFORE THE TAX SEASON, when taxpayers are still deciding what to do with their refund.
- ❖ TAX TIME SAVINGS OPPORTUNITIES COULD BE EFFECTIVE IF INCORPORATED INTO TAXSLAYER so that they are more “automatic.”

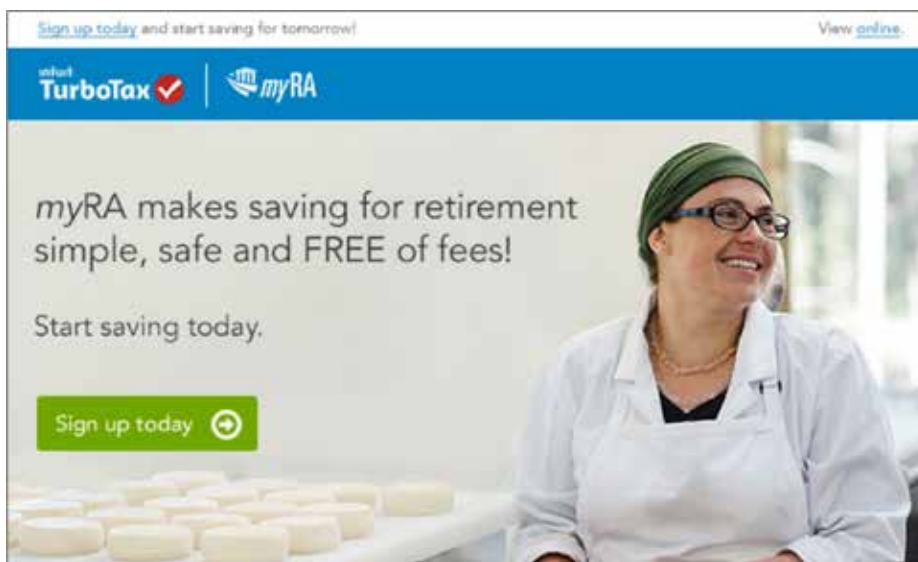
*myRAs*, online tax-filing platforms reach a substantial number of people every year. They therefore offer an exceptionally low-cost, low-touch option for promotion. As such, they represent a strong opportunity for the promotion of products focused on short- or long-term savings.

The VITA site visits and interviews with VITA staff, volunteers, and clients point to the potential of these sites for in-person promotion of products like *myRA*. Because of constraints upon site and agency capacity, promotional strategies that are embedded in the tax filing process, such as the strategies underlying our recommended changes to TaxSlayer software, may be easiest for VITA sites to implement.

A lack of sufficient retirement savings is likely to remain a persistent problem among U.S. households in general and LMI households in particular. The findings in this report highlight the magnitude of that need and could inform future initiatives to help households build retirement savings. Specifically, our findings suggest that institutional and financial barriers prevent LMI households from acting on their interest in using savings products like *myRA* and from saving for retirement. Some of these barriers can be overcome by optimizing promotional strategies around retirement programs as well as by leveraging behavioral insights to increase enrollment and engagement. Other barriers include the lack of time, knowledge, and interest required to open a retirement account. The findings point to possible remedies for these as well. Future policy efforts to address retirement savings issues in America should consider prioritizing the ease with which households can open these accounts—through an automatic enrollment scheme, for example. Policy should also offer savers incentives to participate in these accounts. For example, policy might offer matched savings deposits akin to employer savings matches or expand tax credits that promote saving for long-term goals.

## Appendix A

### Pre-Tax Season myRA Emails Sent to Prior TTFE Users



**Figure A1.** First image in the Simplicity email sent to 45,645 filers who used TurboTax Freedom Edition in Prior Years. Copyright 2016 by Intuit, Inc.

**NEW! myRA—the perfect starter retirement account.**  
TurboTax has partnered with the United States Department of Treasury to tell you about their new program—myRA.® Developed to remove common barriers to saving and help people take the first step toward a more secure retirement, myRA is the perfect way to start saving for tomorrow. [Sign up today.](#)

myRA is a good option to start saving.



It's simple.  
You take control.



It's safe. No need to worry  
about your investment.



It's affordable. Budget  
friendly—no costs or fees.

Sign up today 

**Figure A2.** Second image in Simplicity email. Copyright 2016 by Intuit, Inc.

Turn your 2015 tax refund in to retirement savings—[sign up today](#).

[View online](#)



Use your tax refund to start saving for retirement. myRA is a perfect starter retirement account.

Sign up today



Figure A3. First image in the Starter Account email sent to 44,142 filers who used TurboTax Freedom Edition in prior years. Copyright 2016 by Intuit, Inc.

Start saving with your tax refund and watch it grow.

TurboTax has partnered with the United States Department of Treasury to tell you about their new program—myRA.<sup>®</sup> Developed to remove common barriers to saving and help people take the first step toward a more secure retirement, myRA is the perfect way to start saving for tomorrow. [Sign up today](#).

Even a portion of your refund can generate real savings

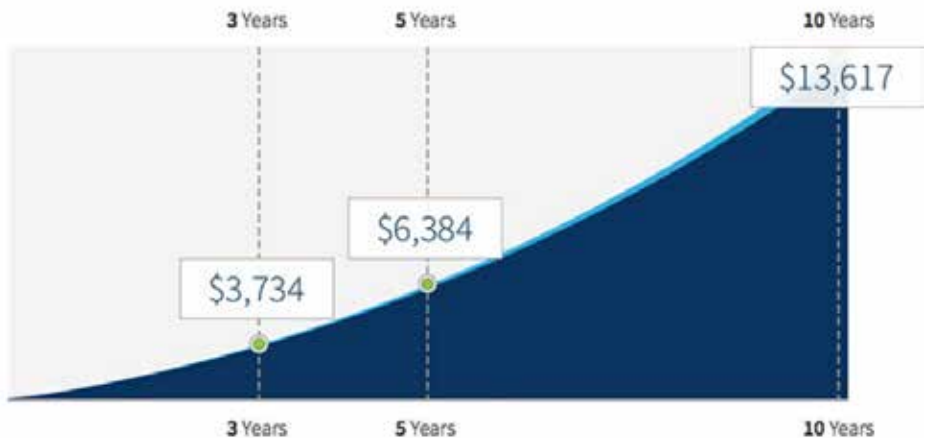


Figure A4. Second image in the Starter Account email. Copyright 2016 by Intuit, Inc.

No cost to open and no fees

No complicated investment options

No risk of losing money

Sign up today

Figure A5. First image in the Saver's Credit email sent to 40,493 filers who used TurboTax Freedom Edition in prior years. Copyright 2016 by Intuit, Inc.



## NEW! myRA—the perfect starter retirement account.

TurboTax has partnered with the United States Department of Treasury to tell you about their new program—myRA.® Developed to remove common barriers to saving and help people take the first step toward a more secure retirement, myRA is the perfect way to start saving for tomorrow. [Sign up today.](#)

### Contribute to myRA before April 18, 2016

to take advantage of the Saver's Tax Credit—[sign up today.](#)



**You could pay less in taxes**  
by opening a myRA account



**You could get a bigger refund**  
with the Saver's Tax Credit

Sign up today 

Figure A6. Second image in the Saver's Credit email. Copyright 2016 by Intuit, Inc.





## Appendix B

# myRA Messaging Experiment User Experience

Household Financial Survey participants were randomly assigned to see one of the following *myRA* messages. The messages either used a testimonial (or “vignette”) or an informational approach to messaging, and each of these approaches had three variants emphasizing either the simple, safe, or affordable elements of *myRA*, as well as one variant mentioning all three of these elements.

**Figure B1. Vignette: Simple**

Is *myRA* right for me?

*myRA* is a new retirement savings program that helps you take control over your future

You should set up a *myRA* if ...

- ✓ You want to start saving for retirement.
- ✓ You're employed with no access to a retirement plan at work.
- ✓ You earn less than \$129,000 per year (less than \$191,000 per year for married couples).



—Danny (Columbia, MO)

“I love how **simple** *myRA* is.”

“I just went to the *myRA* website, typed my information, and in just a few minutes, my account was opened. Then I went to my bank's website to transfer funds to the *myRA* account – I even arranged for automatic transfers.

With *myRA*, I know money is growing without me having to think about it. And I don't have to worry about any fees for withdrawing my savings if something happens and I need it right away.”

**Figure B2. Vignette: Safe**

Is *myRA* right for me?

*myRA* is a new retirement savings program that helps you take control over your future

You should set up a *myRA* if ...

- ✓ You want to start saving for retirement.
- ✓ You're employed with no access to a retirement plan at work.
- ✓ You earn less than \$129,000 per year (less than \$191,000 per year for married couples).



—Danny (Columbia, MO)

“I need to **know** that my savings are going to be there.”

“I'm not someone who likes to take big risks.

I like how this program is backed by the U.S. Treasury and guaranteed not to lose dollar value.

I also like that the account is secure. You can never be too safe these days.”

### Figure B3. Vignette: Affordable

Is *myRA* right for me?

*myRA* is a new retirement savings program that helps you take control over your future

You should set up a *myRA* if ...

- ✓ You want to start saving for retirement.
- ✓ You're employed with no access to a retirement plan at work.
- ✓ You earn less than \$129,000 per year (less than \$191,000 per year for married couples).



—Danny (Columbia, MO)

“Now I can actually **afford** to start saving for retirement.”

“I’m still paying off my student loans, so I really didn’t think I could save, even though I knew that was important.

There was no cost to start an account, and there are no monthly fees.

I set it up so only %25 a month comes out of my paychecks. That little bit adds up to a lot.”

### Figure B4. Vignette: All three

Is *myRA* right for me?

*myRA* is a new retirement savings program that helps you take control over your future

You should set up a *myRA* if ...

- ✓ You want to start saving for retirement.
- ✓ You're employed with no access to a retirement plan at work.
- ✓ You earn less than \$129,000 per year (less than \$191,000 per year for married couples).



—Danny (Columbia, MO)

“I love how **simple** *myRA* is.”

“I just went to the *myRA* website, typed my information, and in just a few minutes, my account was opened. Then I went to my bank’s website to transfer funds to the *myRA* account – I even arranged for automatic transfers.

With *myRA*, I know money is growing without me having to think about it. And I don’t have to worry about any fees for withdrawing my savings if something happens and I need it right away.”

“I need to **know** that my savings are going to be there.”

“I’m not someone who likes to take big risks.

I like how this program is backed by the U.S. Treasury and guaranteed not to lose dollar value.

I also like that the account is secure. You can never be too safe these days.”

“Now I can actually **afford** to start saving for retirement.”

“I’m still paying off my student loans, so I really didn’t think I could save, even though I knew that was important.

There was no cost to start an account, and there are no monthly fees.

I set it up so only \$25 a month comes out of my paychecks. That little bit adds up a lot.”

### Figure B5. Informational: Simple

*myRA* is a new retirement savings program that helps you take control over your future

#### Is *myRA* right for me?

You should set up a *myRA* if ...

- ✓ You want to start saving for retirement.
- ✓ You're employed with no access to a retirement plan at work.
- ✓ You earn less than \$129,000 per year (less than \$191,000 per year for married couples).

#### Simple

- Contribute automatically every payday
- If you change jobs, the account stays with you
- Withdraw the money you put into your account at any time without paying tax and penalty
- Withdraw interest you earn without paying tax and penalty under certain conditions

### Figure B6. Informational: Safe

*myRA* is a new retirement savings program that helps you take control over your future

#### Is *myRA* right for me?

You should set up a *myRA* if ...

- ✓ You want to start saving for retirement.
- ✓ You're employed with no access to a retirement plan at work.
- ✓ You earn less than \$129,000 per year (less than \$191,000 per year for married couples).

#### Safe

- *myRA* will not go down in dollar value
- The investment is backed by the United States Treasury
- Your information is private and secure

### Figure B7. Informational: Affordable

*myRA* is a new retirement savings program that helps you take control over your future

#### Is *myRA* right for me?

You should set up a *myRA* if ...

- ✓ You want to start saving for retirement.
- ✓ You're employed with no access to a retirement plan at work.
- ✓ You earn less than \$129,000 per year (less than \$191,000 per year for married couples).

#### Safe

- It costs you nothing to open an account
- You pay no fees for maintenance of the account
- You contribute as much as you choose every payday (\$7, \$25, \$50, \$100 – whatever fits your budget!)
- Your information is private and secure

## Figure B8. Informational: All three

*myRA* is a new retirement savings program that helps you take control over your future

### Is *myRA* right for me?

You should set up a *myRA* if ...

- ✓ You want to start saving for retirement.
- ✓ You're employed with no access to a retirement plan at work.
- ✓ You earn less than \$129,000 per year (less than \$191,000 per year for married couples).

### Simple

- Contribute automatically every payday
- If you change jobs, the account stays with you
- Withdraw the money you put into your account at any time without paying tax and penalty
- Withdraw interest you earn without paying tax and penalty under certain conditions

### Safe

- *myRA* will not go down in dollar value
- The investment is backed by the United States Treasury
- Your information is private and secure

### Affordable

- It costs you nothing to open an account
- You pay no fees for maintenance of the account
- You contribute as much as you choose every payday (\$7, \$25, \$50, \$100 – whatever fits your budget!)
- Enjoy the tax advantages this type of investment brings

## Notes

1. For more information on the Free File Program, see: <https://www.irs.gov/uac/about-the-free-file-program>.
2. For additional detail on the methods, data, and survey questions, see the full report on this component of the Refund to Savings: Applications to myRA project (Roll, Oliphant, Perantie, Grinstein-Weiss, & Davison, 2017).
3. The Saver's Credit was referenced in the Bigger Refund intervention and in the Saver's Credit email mentioned above. This nonrefundable tax credit is available to households that meet certain income thresholds and save money in qualified retirement accounts, including myRA. More information on the Saver's Credit can be found at <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit>.
4. Although this may be due to differences between filers who used TTFE in the prior year (and thus received an email) and those who did not (and thus received no email), a comparison of the tax and financial characteristics of these two groups revealed no substantial differences between them.
5. For more information on the IRS VITA Grant Program, see <https://www.irs.gov/individuals/irs-vita-grant-program>.
6. These figures are based on the authors' calculations using data for tax year 2014 from the Tax Returns Database of the Internal Revenue Service's Stakeholder Partnerships, Education and Communication office. These data exclude returns from zip codes with fewer than 100 observations. Please contact the authors for instructions on how to access this database.
7. The trainings, promotional guidance, and data collection instruments were internal reports delivered to the U.S. Department of the Treasury.
8. Qualitative analysis of data from the interviews and observations was conducted using a directed content approach (Hsieh & Shannon 2005; Miles & Huberman, 1994). Specific coding techniques described by Miles and Huberman (1994)—i.e., steps for creating codes, revising codes, and structuring codes into hierarchies—served as a guide for the coding process, which ultimately resulted in identification of key themes that were present in the data. Three members of the research team conducted the analysis, and interrater reliability checks were performed at the end of each stage of coding to ensure consistency.
9. For more information on the SaveYourRefund campaign, see <https://saveyourrefund.com/home/>.
10. Though VITA sites are not required to use the TaxSlayer platform, TaxSlayer LLC was awarded a contract to provide the platform for the sites in 2017.

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