

BUILDING A CSA PROGRAM THAT EMPOWERS FAMILIES TO INVEST IN HIGHER EDUCATION

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Executive Summary

The field of asset development has grown quickly in the last decades, and so has the attention paid to Children's Savings Accounts (CSA), also known as Children's Development Accounts (CDA).

These accounts are typically opened for children and can be geared toward specified goals such as college, businesses, housing, a wedding, or toward any expense. The CSA movement has gained incredible momentum around the world and in the United States, and is at a critical time for growth and research.

Working with community partners, Inversant (previously Fuel Education) is a CSA program that provides knowledge, resources, connections, and financial incentives that empower parents to propel their children into higher education. It is a community-based and community-led organization that focuses on increasing low-income families' engagement and investment in higher education. Recognizing that higher education is the primary determinant of economic success and the key mechanism of social mobility, Inversant aspires to change the reality that family income still dictates who benefits from college.

As various CSA programs are burgeoning around the country, stakeholders are realizing that there is no one-size-fits-all approach to delivering a CSA program. After experimenting with various designs at more than ten sites, Inversant's team also knows too well that building an effective CSA program involves choosing among various programmatic features, banking products, and incentive structures. Some of these decisions depend on the program's goals, its theory of change, and others factors such as funding, capacity of banking partners, or size of the population served. Designing a CSA program involves assessing a myriad of pros and cons to reach the most optimal arrangement that best serves the targeted population. With that in mind, this working paper seeks to facilitate the decision making of those involved in establishing a CSA program. This working paper shares the lessons we have learned about how to increase participants' engagement and investment in their children's education.

Inversant seeks to foster deep family engagement that drives financial and emotional investment in higher education. The program seeks to achieve three main goals that could be categorized as short, medium, and long term.

Inversant is a CSA program that provides knowledge, resources, connections, and financial incentives that empower parents to propel their children into higher education.

1. SHORT-TERM GOAL

Increase account ownership. Research shows that savings account ownership has been associated with a number of positive outcomes such as increased college expectations (college-bound identity), academic performance, and college attendance/completion. Our short-term goal is to increase account ownership so that our families can capitalize on these positive externalities.

STRATEGIES: We found that designing an effective orientation session significantly increases participants' interest in opening a savings account. Specifically, our experience shows that meeting families where they are and catering to their preferences about the saving accounts' features increases account opening.



1000 college savings accounts

Since 2009, Inversant has helped more than 800 families open over 1,000 savings accounts.

2. MEDIUM-TERM GOAL

Foster a savings culture. After increasing account ownership, the next important step is to strengthen families' commitment to saving. With college costs increasing steadily, savings can help with closing some of the financial gap. Our second medium-term goal is to show families the importance of saving and help them develop strategies to save regularly.

STRATEGIES: We continuously research and follow the developments in behavioral economics to inform our program design. We experiment with different nudges and innovate to find effective ways to incentivize deposits and foster a savings culture among our participants.



\$700,000 in savings

Inversant families have collectively saved more than \$700,000 since 2009. The monthly average deposit is \$37. Every month, an average of 39% of families make a deposit.

3. LONG-TERM GOAL

Promote college success by coaching parents. Graduation rates among low-income students are particularly low. Once they succeed at enrolling in college, persisting and obtaining a degree in a timely matter is a real challenge. One of the most cited reasons for dropping out from college is the conflict between school and work and family commitments. Inversant's theory of change is built on the premise that creating a community of engaged parents, providing them with the opportunity to save and empowering them with college access and success education is an effective solution to the high drop-out rates among low-income students.

STRATEGIES: Inversant fosters the creation of a community of engaged parents by providing monthly workshops (Learning Circles) where a facilitator coaches parents through a professionally developed curriculum that covers all aspects of college access and success. The workshops are paired with warm meals, where families have space and time to socialize and exchange experiences, thus building a supportive community of savers.



200+ student alumni enrolled in higher education

Well over 200 Inversant students are now enrolled in college where they are persisting toward their degrees at a rate much higher than the national average.

Building a CSA Program that empowers families to invest in higher education

The field of asset development has grown quickly in the last decades, as has the attention paid to Children's Savings Accounts (CSA), also known as Children's Development Accounts (CDA). These accounts are typically opened for children and can be geared toward specified goals such as college, small businesses, housing, a wedding, or any other expenses.

The CSA movement has gained incredible momentum around the world and in the United States and is at a critical time for growth and research. Already this young field has accumulated many lessons learned from a variety of programs, including various Independent Development Accounts (IDAs), the American Dream Demonstration (ADD), the Saving for Education, Entrepreneurship, and Downpayment (SEED) national initiative, the Harold Alfond College Challenge in Maine, San Francisco's Kindergarten to College (K2C) program, and the Canadian Registered Education Savings Plans (RESP). With new CSA programs burgeoning nationally, regionally, and locally- in our home state of Massachusetts¹ and the City of Boston-, the time is ripe to assess the effectiveness of different CSA delivery methods.

Establishing an effective CSA program involves choosing among various programmatic features, banking products, and incentive structures. Some of these decisions depend on what the program seeks to accomplish, its theory of change, and others factors such as funding, capacity of banking partners, or size of the population served. Designing a CSA program involves assessing the pros and cons and seeking to reach the most optimal arrangement that best serves the targeted population.

Designing a CSA program involves assessing the pros and cons and seeking to reach the most optimal arrangement that best serves the targeted population.

¹ See a list of proposed legislation in Massachusetts here: <https://bobhildreth.wordpress.com/2015/02/11/will-massachusetts-finally-have-a-childrens-savings-account/>

From its early pilots and programs in 2007 and 2009, Inversant (previously named Fuel Education) evolved and refined the delivery of its program (see appendix for Fuel Education’s sites and main program features over time). In 2015, to better reflect our mission and model, Fuel Education adopted its new name, Inversant. Our theory of change is rooted in family engagement. Where most CSA or college access programs focus on the student or the school, Inversant is committed to helping the entire family invest in higher education. Through our effective combination of savings incentives, financial savvy, and ongoing support, families become “conversant” (knowledgeable) and fully engaged in what it takes to apply to, pay for, and succeed in higher education. Ultimately this shared investment and expanded understanding moves not just the child, not just the family, but the whole community, forward. In short, Inversant is a community-based and community-led organization that seeks to increase low-income families’ access to higher education. Inversant seeks to foster deep family engagement that drives financial and emotional investment in higher education. The program seeks to achieve three main goals that could be categorized as short, medium and long term.

1. INCREASE ACCOUNT OWNERSHIP.

Research shows that account holding alone has been associated with a number of positive outcomes such as increased college expectations (college-bound identity), academic performance, and college attendance/completion.² Our short-term goal is to increase account ownership so that our participants can capitalize on these positive externalities. We found that partnering with a local community organization (to facilitate a trustful relationship with participants and make attendance at workshops more convenient), catering to the needs and habits of our participants (e.g., teaching in Spanish and serving culturally appropriate meals), and designing a user friendly savings account significantly increase our families’ engagement level.

2. FOSTER A SAVINGS CULTURE.

Increasing the number of accounts among the under-banked or un-banked is critical. An important next step in doing so is to motivate the accumulation of savings. With college costs increasing steadily, the monetary value of the accounts is important for low-income families. CSAs facilitate college saving for all savers, but they are particularly useful and



Through our effective combination of savings incentives, financial savvy, and ongoing support, families become “conversant” (knowledgeable) and fully engaged in what it takes to apply to, pay for, and succeed in higher education.

2 Elliott, W. III, Choi, E.H., Destin, M., and Kim, K.H., “The age old question, which comes first? A simultaneous test of children’s savings and children’s college-bound identity”, *Children and Youth Services Review*, 33 (7), 2011: 1101–1111; Black, R. and Huelsman, M., (2012) *Overcoming obstacles to college attendance and degree completion – Toward a pro-college savings agenda*, Washington D.C.: New America Foundation; Elliot, W., III. (2013) *Building Expectations, Delivering Results: Asset-Based Financial Aid and the Future of Higher Education*. Lawrence, KS: University of Kansas School of Social Welfare.

effective among low-income families, who have less opportunity to build up savings than their higher income peers.³ Thus, our medium-term goal is to show families how important it is to save over time and help them develop strategies to save regularly. We do this by incentivizing deposits and experimenting with various account set-up and designs. We will elaborate below the important trade-offs that need to be considered.

3. PROMOTE COLLEGE SUCCESS BY COACHING PARENTS.

Graduation rates among low-income students are particularly low; our long-term goal is to increase degree attainment among low-income students. Once they succeed at enrolling in college, persisting and earning a degree in a timely manner is a real challenge for the populations we serve. One of the most cited reasons for dropping out of college is the conflict between school and work and family commitments. The need to work while they are in school is the number one reason students give for dropping out.⁴ Inversant's theory of change is built on the premise that creating a community of engaged parents, providing them with the opportunity to save, and empowering them with college access and success education is an effective solution to the high drop-out rates among low-income students. Parents want the best for their children, but they often lack the financial, academic, social, and human capital they need to help their children enter and graduate from college. Inversant recognizes that parents need to become informed consumers who are able to navigate the college planning and decision making processes. Thus, Inversant provides monthly educational workshops on college access, affordability, and finance, which empowers parents to better guide their children in the college application and decision process. Equipped with the right information, parents can help their children choose a school that offers a good financial aid package, lowering the need to borrow and/or to work long hours, which all reduce the risks of dropping out. In addition, when parents have worked so hard to get their children into higher education and are supportive of their being there, the students are far more likely to persist.

Inversant has experimented with several models and various partners over the years. This generated a wealth of information that we believe will benefit any community-based organization desiring to join the CSA field. With this working paper, we specifically seek to share our strategies to increase



Inversant's theory of change is built on the premise that creating a community of engaged parents, providing them with the opportunity to save, and empowering them with college access and success education is an effective solution to the high drop-out rates among low-income students

3 Mason, L.R., Nam, Y., Clancy, M., Kim, Y. and Loke, V., "Child development accounts and saving for children's future: Do financial incentives matter?", *Children and Youth Services Review*, 32, 2010: 1570-1576

4 A public Agenda Report for the Bill and Melinda Gates Foundation "With their While Lives Ahead of Them" <http://www.publicagenda.org/files/theirwholelivesaheadofthem.pdf>

account ownership and motivate participation and engagement in the program. In another upcoming working paper, Inversant will share the results of a three-year longitudinal study in partnership with researchers from the Harvard Graduate School of Education investigating CSAs' impact on the parent's expectation about the future, and the academic performance of students.

Lessons that Inversant learned

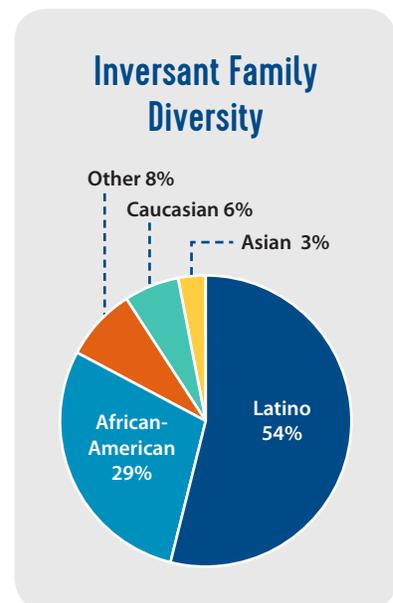
Inversant has sites in Boston, Chelsea, Lynn, and Salem Massachusetts. The program serves diverse families (54% Latino, 29% African-American, 8% Other, 6% Caucasian, 3% Asian) who are low-income (77.2% qualify for free or reduced-cost lunch). In total, we have worked with 800 families who have opened 1,000 accounts for their children. Inversant uses existing research and its own experimentation to reach the most optimal delivery of its program. The programming team keeps up with the lessons learned from other CSAs and college access initiatives, and implements technological outreach methods to facilitate our banking services and program delivery. Recognizing that improving our program is an ongoing process, this working paper shares our up-to-date strategies proven effective at tackling the barriers that low-income families face in achieving college success.

1 Strategies to facilitate and increase account ownership

Inversant seeks to capitalize on the positive effects of account ownership. Recruiting families and helping them to open savings accounts are the first steps of our program. We experimented with different recruitment strategies, account types, and features to meet two goals: 1) a savings vehicle that is user friendly to low-income families, and 2) account administration that is scalable, efficient, and streamlined for Inversant and partner programs.

1.1 Meet families where they are

First and foremost, we learned very early on that partnering with a local community organization is a key strategy that maximizes the recruitment of participants. We found that the presence of a familiar and well-respected local person during enrollment trumps some aspects often identified as barriers to opening accounts such as reluctance to discuss financial issues and unwillingness to fill out lengthy application forms. Local partners facilitate the establishment of a trustful relationship between Inversant and prospective participants. They also help families become more receptive to learning about the program and more willing to open an account.



Programs that include financial transactions risk being perceived as a scam. In a parent focus group, some parents described how they had fallen prey to scholarship scams that required them to pay money to obtain different types of financial aid. Thus the knowledge that the program is recognized and endorsed by a trusted and familiar organization is essential to ease families' concerns. In addition, for Inversant to continue having a presence in the community, being nested in a bigger and reputable organization proves to be very useful. It goes without saying that for the partnership to work effectively, it is important to select the right community organizations. Inversant seeks partners that understand the importance of higher education, and commit to engaging families in college success by providing an accessible location, dedicated staff, and funding for incentives.

With the guidance of our local partners, our team learned that Inversant's enrollment and orientation meetings recruit most participants when they are tagged to other ongoing events, such as open houses or report card meetings. We also found that clear messaging about the program's goals and incentives is important. The monetary incentives are an effective way to entice families to open accounts, but the structure needs to be straightforward enough for participants to quickly understand the program.

1.2 Weighing the pros and cons of different account structures

Our experimentation taught us that there are important trade-offs to take into account when weighing the importance of the short-term goal of opening accounts and the medium- to long-term goal of fostering a savings culture (while also considering the administrative burden of each account structure). When Inversant launched its first pilot, to best fulfill the short-term goal of increasing account ownership, the team opted to use a custodial account due to its simplicity. In fact, the ease of setting up these accounts during recruitment events was a very attractive feature to families. With custodial accounts, partners could easily sign up parents who only needed to provide basic information and no Social Security number or identification card.

We learned, however, that this easy set-up came with a price. The administration of these accounts proved to be rather complicated and demanded a considerable amount of time from partners. Partners needed to open a master account under their 501c3, then they had to deposit the families' savings into the custodial accounts. The fact that the accounts were not in the participants' names did not sit well with our goal of empowering parents and increasing their sense of account ownership. Families were often confused about whom to contact regarding their accounts; some questions could be



Inversant found that recruitment efforts were most effective when the enrollment and orientation meetings were tagged to partners' ongoing events and when the messaging about program's goals and incentives were delivered simply and clearly.

answered by the bank, others by partners or Inversant's staff. Participants could not access their account balance nor withdraw the funds without requesting permission from the partners. Moreover, under this account structure, our partners had to report the participants' savings on their financial statement, so they preferred to set a cap for the amount families could save. Thus, families who wished to save larger amounts could not do so in these accounts, which worked against our goal of motivating savings. To sum up, while opening custodial accounts was easy for our families, it was compromising our longer term goal of fostering a savings culture.

As a next step, Inversant experimented with savings accounts opened in the participants' name. With this account structure, our partners did not need to be involved in setting up or monitoring the accounts and they did not have to process the withdrawals. However, these accounts required more paperwork and personal information to open. Fortunately, we found that the increase in difficulty did not deter families. Comparing recruitment records of custodial accounts in 2013 to regular savings accounts in 2014, we found that regular savings accounts attracted even more families (41 accounts in 2013, 55 accounts in 2014). We believe that the presence of a trusted local partner at account opening helped with parents not being deterred by longer paperwork. We also believe that direct access to and control over the accounts was more attractive to participants. They were reassured by the knowledge that when they completed the program (or if they had to quit or relocate), they could keep their accounts and continue saving. Some participants also felt safer knowing that they could withdraw their money with no penalty in case of emergency. We also believe that this set-up is more beneficial for participants (especially for those who were unbanked) as they have the opportunity to build a long-lasting connection with a banking institution. We also found that this account structure motivates more saving as there is no contribution limit. Refer to table 1 for a summary of our lessons learned regarding account ownership.

We found that the type of account (529 vs regular savings) can also have important implications. We experimented with enrolling over 100 participants into the 529 college saving plan administered by the Massachusetts Educational Financing Authority (MEFA) and managed by Fidelity Investments. The 529 account is a well-known vehicle to save for college due to its tax benefits. These accounts are very attractive due to their scalability.

There are important trade-offs to take into account when weighing the importance of the short-term goal of opening accounts and the medium- to long-term goal of fostering a savings culture.

Table 1: Summary of Lessons Learned about Account Structure

	PROS/CONS	CUSTODIAL ACCOUNT UNDER PARTNER ORGANIZATIONS	ACCOUNT IN THE NAME OF THE PARTICIPANTS
PARTICIPANTS	✓ PROS	Simple account set-up using families' basic information without SSN or ID	Direct access to and control of the account
		Restricts the account usage for qualified college expenses	No contribution limit
			Participants build financial literacy and connections with the bank
	✗ CONS	Limited access to account balance	Requires personal ID and SSN to open accounts
		Families cannot withdraw without partner's approval	
		Cannot save beyond match limit	Participants can withdraw money for uses other than college expenses
		Difficult for parents to troubleshoot account issues because they do not own the account	
	PARTNERS	✓ PROS	Reduced enrollment workload
Control over withdrawing the savings and match fund toward qualified college expenses			
✗ CONS		Administrative responsibility to open accounts, provide account balance to participants, approve withdrawal requests	No administrative responsibility for account setup, monitoring and withdrawal
			Require banking enrollment paperwork

While they serve as an effective vehicle to save for college, they can present some challenges for low- to middle- income families: the tax-benefits are less appealing to these families, opening the account is relatively complicated compared to opening a regular savings account (requiring many documents from both the parent and child), and the application forms include investment options and terminology that require financial expertise and guidance, which can deter participants who lack financial education. We also found that low- to middle- income families prefer to deposit cash or money order, which most 529 programs do not accept. Finally, even though in reality the penalty for a non-qualified withdrawal (i.e., withdrawal for other than educational purposes) can be small, it can dissuade some individuals who would be more comfortable with the notion that they can use the money any time in case of emergency. 529 plans in Massachusetts and elsewhere have the potential to become more inclusive,⁵ but, for the moment, they may not be the most

⁵ See interesting debate on whether 529 can be A Platform for Inclusive Saving Policy: Clancy, M., Orszag, P. & Sherraden, M., (2004) "College Savings Plans: A Platform for Inclusive Saving Policy?" Center for Social Development, Washington: DC. <http://csd.wustl.edu/Publications/Documents/Perspective-529andInclusion.pdf>

suitable product for low- to middle-income families. The median income of a family with a 529 college savings plan is \$120,000.⁶ Only 12% of low-income families are using 529 accounts.⁷

While a regular savings account seems to offer less than a 529, especially with the current low interest rate, some features are attractive: the application process is relatively simple and participants can access their bank via internet, phone, or local branch. The location of the branch is crucial when families prefer to deposit cash or money order in person. Research confirms that regular savings accounts are the most popular vehicle for parents to save for their child’s education.⁸ Table 2 summarizes our lessons learned concerning the account type.

Table 2: Summary of Lessons Learned about Account Type

PROS/CONS	MASSACHUSETTS 529 PLAN	REGULAR SAVING ACCOUNTS
✓ PROS	Scalable, potential for economies of scale	Simple application
	Tax benefits (but considered a con for our purposes since low-income families can hardly take advantage)	Can deposit cash or money order
	Investment options (but it can deter participants with limited financial education)	Access to local branch and service available via internet, phone No penalty for withdrawals
✗ CONS	Require both parents’ and children’ info and SSN	Difficult to scale (statewide or universal account holding would be a challenge)
	Application includes investment options and terminology that require financial expertise and guidance	No tax benefits (which does not dissuade low-income families)
	Cannot make deposits with cash or money order	No investment options (and currently low-interest rates)
	Participants can access account and services only via internet and phone	
	Penalty for non-qualified withdrawal	

6 Mencimer, S. "Report: Most tax-based college aid goes to the least needy families" Mother Jones, December 10th, 2013 <http://www.motherjones.com/mojo/2013/12/most-tax-based-college-aid-goes-least-needy-families>

7 Sallie Mae & IPSOS, (2014), *How America Saves for College – Sallie Mae’s National Study of Parents with Children under Age 18*, Newark: NE, Sallie Mae and Washington, DC: IPSOS Public Affairs. https://salliemae.newshq.businesswire.com/sites/salliemae.newshq.businesswire.com/files/publication/file/HowAmericaSaves2014_FINAL_4.9.14.pdf

8 Bevans, J., and Nga C., (2012). *Saving for Higher Education in the US: Parents’ Beliefs, Behaviors, and Preferences*. San Francisco, CA: EARN Research Institute

2 Fostering a Savings Culture

Opening a savings account is the first step in the right direction. Research has established the numerous positive effects on students and their families of having such an account. However, the reality is that college is increasingly expensive. Therefore, especially for low-income families, it is essential to make college more affordable by motivating the accumulation of savings. This is why Inversant's programming team has been dedicated to studying various strategies that work best at fostering a savings culture among our participants.

Regular savings accounts in the participants' names were not only easier to open, but also motivated more savings.

2.1 Saving account structures' impact on savings

We found that regular savings accounts in the participants' names were not only easier to open, but also motivated more savings. Comparing the average monthly savings data in custodial, regular savings, and 529 accounts between January and June 2014,⁹ we learned that regular savings account owners saved an average of \$98 per month while custodial account holders saved \$18 and 529 account holders saved \$34. If we exclude the accounts that had \$0 balance, the regular saving account holders saved an average \$170 per month, while the custodial account holders saved \$46 and the 529 account holders saved \$52.

Table 3: Average Monthly Savings by Account Structure and Type

	REGULAR SAVINGS ACCOUNT IN THE NAME OF PARTICIPANTS	CUSTODIAL ACCOUNTS	529 ACCOUNTS
ALL FAMILIES	\$98	\$18	\$34
ONLY FAMILIES WHO SAVE	\$170	\$46	\$52

Admittedly, it is difficult to effectively single out the main reason that regular savings accounts in the name of the participants yielded more savings. However, it is possible to point to a couple of possible explanations. Owning the account empowers parents to be in charge and committed to saving. The knowledge that the account is theirs, independent of participating in Inversant, and that they can withdraw their money any time with no penalty (other than losing the match) can contribute to their willingness to invest more in the account. The ease of depositing money at the branch using

⁹ These dates were selected because we had all three types accounts active at the same time during this period of time.

cash or money order might also help the accumulation of savings. We were concerned that the regular savings account allows parents to withdraw the funds prematurely, i.e., before children attend college. But among Inversant families, only 6% of regular saving accounts showed withdrawals between January and June 2014, and all of these accounts continue to show incoming deposits despite the withdrawal transaction. Research also confirms that withdrawal flexibility is essential for low-income families.¹⁰ A case study of the Michigan SEED program found that even though their program featured no restrictions on withdrawals, only 4% of accounts experienced non-qualified withdrawals. Those who made withdrawals were generally regular savers and the head of the household was unemployed when the withdrawal was made. Promisingly, 28% of those who made non-qualified withdrawals were able to pay it back in full.¹¹

2.2 Monetary incentives

We found that monetary incentives entice families to open an account, help increase the amount saved, and motivate families to save regularly. Therefore an important component of Inversant's program is matching our participants' savings deposits. Fundraising for match incentives is a challenge, so we have worked to optimize our match structure so that we can achieve the best outcomes with limited resources. We are also experimenting with more economical incentives proven to be effective alternatives to matches. For instance, there is a growing body of research showing that prize-linked savings¹² can be very attractive. It motivates deposits by triggering the same pleasure and satisfaction experienced while playing the lottery. The more deposits made, the higher the chance of winning the jackpot. The critical difference, of course, is that all of the money deposited is not wasted, but saved toward higher education.



Monetary incentives entice families to open an account, help increase the amount saved, and motivate families to save regularly.

2.2.1 Saving match

Inversant has experimented with different match ratios and caps. Comparing our sites that offer different match caps, we found that, consistent with the

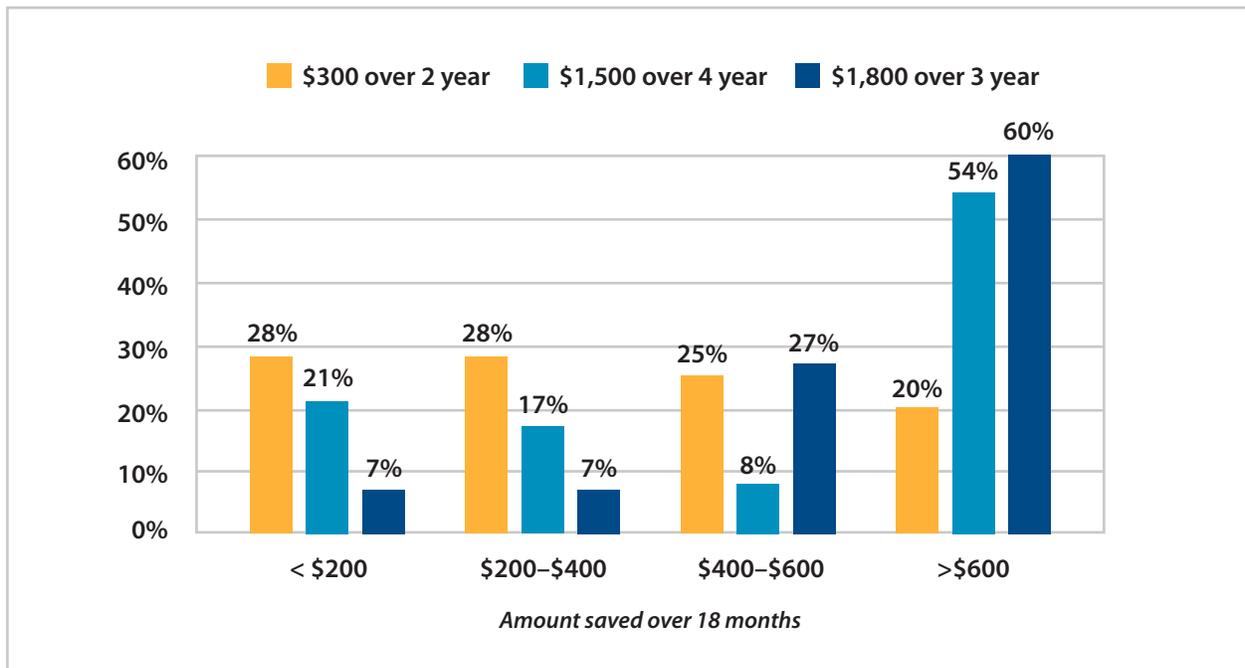
10 Howard, R., Humphrey, L., Rist, C., Rosen, B., and Tivol, L., (2010), *From piggy banks to prosperity: A guide to implementing Children's Savings Accounts*, Washington, DC: The Corporation for Enterprise Development (CFED)

11 Rist, C., Gavin, B. & Luechtefeld, S. (2012), *Take the Money and Run? A Case Study of Non-Qualified Withdrawals in Children's Savings Accounts*, Washington, DC: The Corporation for Enterprise Development (CFED)

12 http://www.d2dfund.org/prize_linked_savings

existing research,¹³ parents were motivated to save more if the cap was higher. Over a period of 18 months, more than half of the families participating at a site offering a high match cap (\$1,500 over four years and \$1,800 over three years) saved over \$600. Families with a much smaller match cap of \$300 over two years saved much less; 80% accumulated less than \$600 over 18 months (see Figure 1 below)

Figure 1: Savings by Match Cap



We also learned that the match structure should be simple and emphasize positive behavior. In our first design, parents were only awarded their match if they had saved up to the set goal and if they had attended the monthly workshops. This confused the parents because the same match was rewarding the behaviors of saving and attendance. It penalized families who were diligently saving but had to miss a couple of Learning Circles. This led to challenges in retaining families in the program, as they lost interest once they failed to attend a workshop. Clearly, this was defeating the purpose of the program, which was to motivate families. For instance, in our oldest and largest site, the match incentive for both saving and attendance was high (\$1,500 per year), but it was not enough to retain the families. In fact, 59% of families who enrolled in fall 2010 dropped out after their first year for either not saving or

13 Lassar, T., Clancy, M., and McClure, S., (2011) *College savings match programs, design and policy*, St Louis, MO: Center for Social Development ; Han, C.H and Sherraden, M., "Do institutions really matter for saving among low-income households? A comparative approach", *The Journal of Socio-Economics*, 38, 2009: 475-483

not attending. In response, the programming team linked one incentive to one desired outcome only.¹⁴ After separating the incentives for saving and attendance, the drop-out rate decreased to 17% for families enrolling in 2011 (a 42% decrease).

2.2.2 Other monetary incentives

Inversant was initially designed to serve families throughout the four years of high school. However, families in and outside the program frequently commented on their wish to start saving earlier than high school. One parent said that the greatest benefit of Inversant was, “Starting earlier... and helping people like me who know it’s a priority but need that extra little nudge to get in the mindset when they’re young.” Therefore, in fall 2014, we expanded the program to families with younger children. Building longer term saving behavior is our new challenge. In our pilot program aimed at parents of younger children, families are provided with smaller but more immediate incentives toward specific saving behavior: \$50 is awarded to those who set up direct deposit and another \$50 is awarded to those who reach a \$500 annual saving challenge. Learning from research, we promote direct deposit as a long-term savings behavior but not as a requirement of the program. In order to keep families motivated, they receive monthly e-newsletters regarding college finance and access. To gauge their knowledge gain and entice them to be more engaged, the families are entitled to monthly \$100 sweepstakes if they complete a survey sent to their email addresses. The questions relate to the information they receive in the newsletters. We will share our lesson learned from our early saver program in 2016.

2.3 Workshop engagement

Studies show that financial education is associated with an increase in average monthly net deposits.¹⁵ Thus, the programming team allocated funds to incentives geared to ensure participation at workshops. We sought to design a structure that would motivate participation without actively penalizing non-participation. To strike this balance, we provide annual attendance raffles. Instead of requiring attendance at every meeting, we enticed more attendance by advertising our raffles. Families who attend at least four out of eight workshops each year are eligible for annual \$300 attendance raffles (the winnings are deposited directly into their college saving accounts). This improvement not only streamlined the program rules, but also increased



To increase engagement to our workshop, we sought to design a structure that would motivate participation without actively penalizing non-participation.

¹⁴ http://www.d2dfund.org/prize_linked_savings

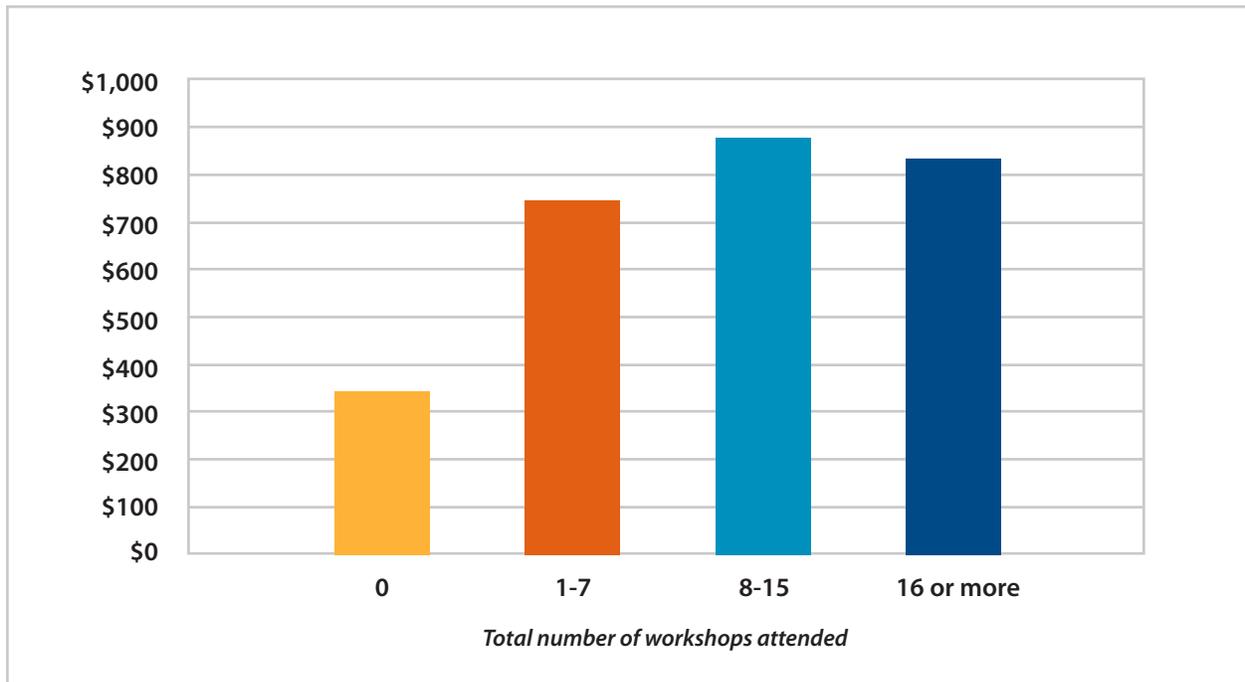
¹⁵ Clancy, Grinstein-Weiss, Schreiner, 2001, Financial Education and Savings Outcomes in Individual Development Accounts, St Louis, MO: Center for Social Development p. 6

meeting attendance. In Chelsea, before implementing raffles in the 2010-11 school year, an average of 30% of all Inversant families attended the Learning Circles. After launching the \$300 attendance raffles, this increased to an average of 58% (and attendance rates over 70% are not uncommon at some sites). In other larger scale programs, which admittedly are not a direct comparison to Inversant, attendance can be as low as 10%.¹⁶ Consistent with research, Inversant found that savings accumulation increased as participants attended more workshops (see Figure 2).

Although most families were initially drawn to the program because of the savings and attendance incentives, they became more engaged in the program after attending more workshops. We often say the incentives were just the tickets to the dance. Once in the door, families actively explore the resources and network provided to them at the monthly workshops. We will elaborate more in the following section.

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Figure 2: Amount saved over two years and the total number of workshops attended



¹⁶ At the SEED site in Michigan, only 10% of participants attended one informational or educational class or group gathering throughout the program. See: Marks, Rhodes, Engelhardt, Scheffler, and Wallace, (2009) *Building assets: An impact evaluation of the MI SEED Children's Savings Program*, Research Triangle Park, NC: RTI International p. 11-12. The RAISE Texas: Child Support for College Initiative, started by the Texas Office of the Attorney General, also struggled to get one-third of those recruited to attend at least one financial coaching session. See: Child Family Research Partnership, 2013, p. 2

3 Promoting college success by coaching parents

Our ultimate long-term goal is to increase low-income students' college graduation rate. Research shows that family engagement has a significant positive impact on academic achievement and adjustment.¹⁷ Motivating families to save for college is a good strategy to gauge parents and increase their ambition and expectations regarding their children's educational trajectory. Another strategy is to create a community of parents empowered with information. Inversant provides educational workshops on college access, affordability, and finance, which brings families together as a community. Together, they motivate each other to become advocates for their children's future. Equipped with the right information, parents can help mitigate the typical reasons that lead to low-income students drop out, advise their children to choose a school that offers a better value and provides more student counseling and support, and help lower the cost of college by saving and applying to scholarships. This reduces the need for students to work, which allows them to focus on their studies and graduate on time without too much debt. Currently, more than 200 Inversant students are enrolled in college where they are persisting toward their degrees at a rate far higher than the national average.



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3.1. College access and finance workshops

Inversant's Learning Circles are monthly workshops where a facilitator shares a professionally developed curriculum with parent participants. Over five years, Inversant has hosted more than 300 monthly Learning Circles at ten community partners. Every month, an average of 219 families attend Learning Circles hosted at their local agencies. After attending only a few workshops, families understand that in order for their savings to matter they need to become informed consumers able to navigate the college planning and decision making process. This participant explains:

"For me, it was the money at first but I liked Inversant a lot after learning more about it. I had a daughter in college and I didn't know anything about loans or anything so her college ended up being quite expensive. I didn't know then what I have now learned through Inversant."

Saving is only a part of what it takes to pay for college. At Inversant workshops, parents learn about the importance of other requirements such as

17 See footnote #3: Desforges and Abouchaar, 2003, p. 86

timely application for financial aid, finding outside scholarships, and comparing financial aid awards to make their savings go as far as they can. Parents want to make sure that they can leverage every financial dollar available to them. This gain in knowledge also motivates savings. As students and their families learn that college pays off and is an attainable goal, they become more willing to strain their budget and save toward college.

When Inversant was established, the programming team quickly realized that there was a lack of college access materials directly targeting parents, especially parents who did not go to college. Also, since the assumption is that the audience is students, the language is primarily English. Inversant hired a curriculum specialist from Harvard school of Education to design a comprehensive curriculum geared toward parents who mostly are not familiar with college access process since this is our target population. Currently, we offer this curriculum in English, Spanish, and Haitian Creole.

Our curriculum covers the entire college application process, including affordability, the FAFSA, understanding student loans, navigating the local school system, and much more (see Table 4). Inversant evaluates the effectiveness of its workshops by measuring the knowledge gained by families in yearly pre- and post-surveys and with feedback forms at the end each Learning Circles. These help Inversant's team determine how much information parents are grasping in the workshops, whether the workshops contain knowledge that parents find useful, and whether parents are satisfied with the way workshops are delivered. 93.57% of parents found the curriculum helpful as they support their children to prepare for college and 90.88% of parents agreed that they learned new knowledge or skills from the workshops.

Inversant's program design builds on an already prevalent sense of community. Bringing families together over a warm meal and ensuring that they have time to exchange their knowledge and experience is a critical component of our program. Families learn a great deal from their peers, they get motivated to save more, and they become increasingly invested in their children's success. This kicks start a virtuous cycle where the more families are involved in this community of committed parents, the more they become monetarily invested in their children's future and the more they seek information and means to make college more accessible and affordable.



When Inversant was established, the programming team quickly realized that there was a lack of college access materials directly targeting parents, especially parents who did not go to college.

Table 4: Topics covered in Inversant’s monthly Learning Circles

 COLLEGE TYPES AND COSTS	 PAYING FOR COLLEGE	 APPLYING TO COLLEGE
<ul style="list-style-type: none"> ■ Education and career ■ Housing options ■ College transferring ■ Transition to college 	<ul style="list-style-type: none"> ■ FAFSA and need-based grants ■ Scholarships ■ Financial aid package comparison ■ Loan management 	<ul style="list-style-type: none"> ■ GPA and course selection ■ Admission exams ■ School network ■ College application

3.2 Strategies to engage parents

Inversant is aware of the time and resource constraints that our families face, so we want to make it as easy and convenient as possible for them to participate. The workshops mostly take place in the evening, though we do have some morning sessions for those who work late shifts or who are unemployed. We serve meals at our evening sessions and the importance of these meals cannot be overstated. They help meet the parents’ real life challenges of feeding families while making time to attend Learning Circles, and they build community by providing opportunities for parents to compare notes on strategies, sources of help and information, and success stories. For those who want to revisit the material covered during the workshops (or those who could not attend), we provide an online platform (Wikispace) where all session materials are available.

Inversant is aware of the time and resource constraints that our families face, so we want to make it as easy and convenient as possible for them to participate.

Another important way we meet parents where they are is that the sessions are taught in multiple languages so everyone in the community can participate. Since more than half of our participants are Latino, all of our program materials (PowerPoint slides, handouts, surveys, etc.) and our parent-oriented website are available in Spanish. It is unfortunate that most college access material is only in English. Inversant’s Spanish workshops become the single resource that Inversant’s Latino parents rely on to access college-related information. In our post-program surveys, several parents mentioned that having the meetings taught in Spanish was a huge benefit to them. During a focus group one parent explained:

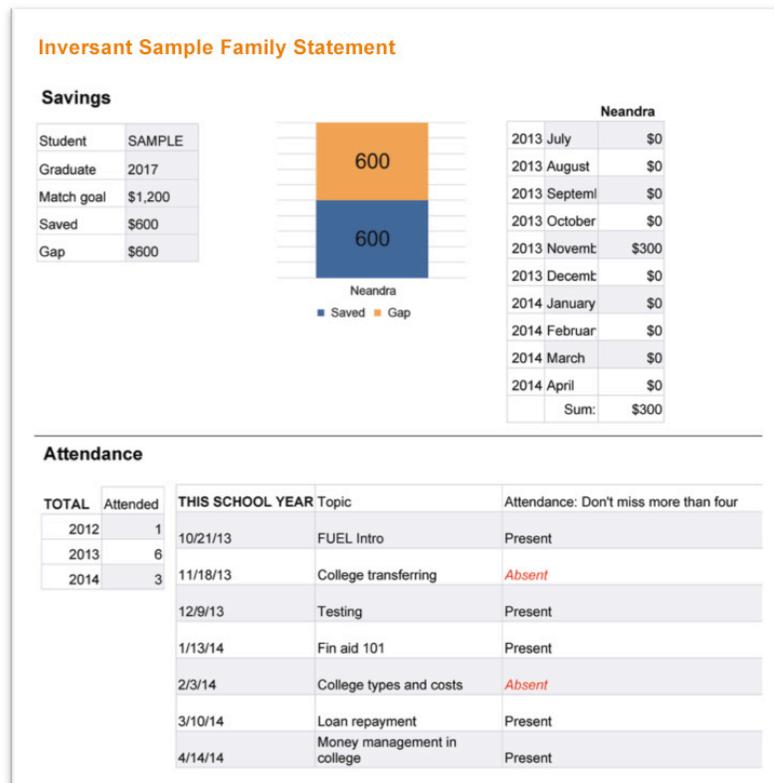
“I don’t attend many meetings—only the ones from Inversant. I know we have the advantage and opportunity to receive these meetings in Spanish.”

Parents often brought up the fact that they appreciate the multicultural nature of the program. Not only are the sessions taught in Spanish, but the meals are culturally appropriate and we discuss issues relevant to recent immigrants.

To make the connection with parents, we hire dedicated staff as facilitators to enroll the families, help them open bank accounts, facilitate the Learning Circles, and maintain family communications. Families know that they can turn to their key contact person at Inversant with any questions about savings, meetings, or college planning. Thus, the facilitators not only run the Learning Circles, but also maintain regular contact with families regarding saving goals, upcoming college-related deadlines, and workshop information. A Chelsea parent shared her experience in the program interacting with the Inversant staff:

“Inversant helped me a lot especially in the sense of guidance, like a counselor. It really helped a lot because on many things that I was ignorant of, Inversant helped me to understand them. So when we should apply for the university, when the kid is in 11th, 12th, the dates when to apply. So this is information that I didn’t know because ... the education here is very different from the one in our home countries.... In the aspect of information it helps a lot, that’s the truth. So there we get the guidance... So my conclusion, we need Inversant for our community.”

Maintaining contact with families outside of the workshops is crucial to keeping them engaged in saving and coming to meetings. Inversant’s facilitators rely on an online database to track families’ demographics, saving, attendance, and knowledge gain; mail out monthly participation statements (see sample above); and send reminder calls and text blasts about upcoming workshops and other college related information. For families with custodial accounts, the monthly statement is the only source for information about their account balance. To increase our outreach to our families, we started piloting the use of text messages in Fall 2014. Research shows that text message reminders can help reinforce saving behavior.¹⁸



18 Karlan, D., McConnell, M., Mullainathan, S., & Zinman, J., (2010), *Getting to the Top of Mind: How Reminders Increase Saving*. Cambridge, MA: The National Bureau of Economic Research (NBER).

4 Conclusion

There is a growing momentum in the field of CSAs. Inversant is one among numerous initiatives burgeoning around the country in the last decade. Following a national conference last spring on CSAs hosted by Corporation for Enterprise Development (CFED), Inversant's team recognized that we are not alone in the challenges we are facing. Like many other programs, we are at the experimental stage, seeking to find optimal designs and best practices. This is a critical time when exchange of knowledge and lessons learned can help with the healthy growth of the field. We hope that this working paper contributes to this exchange by highlighting program design elements and trade-offs.

Inversant's experiments take several forms. In addition to our high school-based Learning Circles, we have initiated a new program model to reach out to parents of younger children. This model is a lower-touch version of our current program in that most of the communication with the parents and their college access learning is online rather than at Learning Circles. We plan to share the evaluation of this model in 2016. Also, as mentioned above, we are in the final year of a three-year study in partnership with researchers from the Harvard Graduate School of Education on the effects of parental engagement and savings on students' academic outcomes. We plan to release the final results of this study in 2016 as well. Inversant also is thrilled to have been invited to join the **1:1 Fund** as one of their partner organizations. We value this opportunity to increase our online presence, our connection with other CSA programs, and our fundraising in support of savings matches.

Equally important is advocacy. Promoting CSAs as one form of early childhood intervention has been well received on both sides of the aisle, thus we should leverage the fact that CSAs are a bi-partisan policy option. Inversant's founder and executive director, Robert Hildreth, has been instrumental in the creation of a legislative commission in Massachusetts that has investigated the plausibility of a state-level CSA program geared toward higher education. In November 2014, the commission recommended the establishment of five pilot sites across the state. Moreover, Massachusetts is fortunate to have a newly elected treasurer, Deb Goldberg, who ran on the platform of establishing a state-level college saving program. Recently, the City of Boston also announced that it will be launching a CSA pilot program at three to five Boston Public Schools with the intention of establishing a city-wide kindergarten to college saving program.

We are also tracking other developments in the region such as the creation of a **New England Children's Savings Account Consortium** supported by the Federal Reserve Bank of Boston. The creation of such platform is essential as various initiatives will benefit greatly from collaborating with each other. It



This is a critical time when exchange of knowledge and lessons learned can help with the healthy growth of the field.

is vital to keep the communication channels as open as possible and disseminate any relevant information on CSA-related development. For instance, Inversant's research and policy team was fortunate to participate in a monthly 'Children's Savings Policy Learning Group' workshop series hosted by CFED, where various CSA programs across the country met and exchanged knowledge on how to best impact state policy in favor of CSAs. These opportunities are extremely valuable to the advancement of knowledge in the field.

Finally, in June 2015, Inversant's board of advisors' member Andrea Levere and President Bill Clinton launched the CFED's Campaign for Every Kid's Future. We are fully committed to contribute to the campaign's mission to raise children's savings accounts visibility and ensure that at least 1.4 million children have a savings account in their name by 2020.

Appendix

Table 5: Inversant Partner Sites

Site ¹⁹	Boys & Girls Clubs of Boston	Boston University Upward Bound Program	Chelsea Public Schools	La Vida Scholars Program (Lynn, MA)	KIPP Academy Lynn	Trinity Education for Excellence Program (Boston, MA)
Started	2011	2013	2009	2007*	2011	2010
Accumulated number of accounts as of October 2014 (active + successful grads)	103	24	290	119	132	51
Match	1:1, up to \$1,000	1:2, up to \$300	1:1, up to \$1,500	1:1, up to \$900	1:1, up to \$600	1:2, up to \$300
Old account model	2011-2013	n/a	2009-2013	2007-2012	2011-2012	2010-2012
Account	Custodial accounts under BGCB	n/a	Custodial accounts under Chelsea Education Foundation	Custodial accounts under La Vida, Inc.	529 accounts	Custodial accounts under Trinity Education Foundation
New model	Starting 2014	Starting 2013	Starting 2014	Starting 2013	Starting 2013	Starting 2013
Account	Regular savings accounts owned by participants	Regular savings accounts owned by participants	Regular savings accounts owned by participants	Regular savings accounts owned by participants	Regular savings accounts owned by participants	Regular savings accounts owned by participants

* La Vida's partnership started before Inversant was officially created. It was INVERSANT's pilot site.

19 INVERSANT previously partnered with Boston Chinatown Neighborhood Center, Sociedad Latina, and the Boston Public Schools' Parent University. INVERSANT maintains a relationship with Neighborhood House Charter School, but with a drastically reduced program structure.

Table 6: Archived programs (Inversant signs MOA with partners every two years, these partners chose not to renew)

Site ²⁰	Boston Chinatown Neighborhood Center (BCNC)	Neighborhood House Charter School	Parent University (Boston Public Schools)	Sociedad Latina
Started	2010	2011	2011	2011
Accumulated number of accounts as of October 2014 (active + successful grads)	25	37	30	9
Match	1:1, up to \$1,500	1:2, up to \$300	1:2, up to \$300	1:2, up to \$300
Account	Custodial accounts under BCNC	529	529	529

²⁰ INVERSANT previously partnered with Boston Chinatown Neighborhood Center, Sociedad Latina, and the Boston Public Schools' Parent University. INVERSANT maintains a relationship with Neighborhood House Charter School, but with a drastically reduced program structure.



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