

Symposium Report

Leveraging Tax Time to Build Financial Capability

Research Evidence and Policy Directions

Federal Reserve Bank of New York

February 22, 2016



PARTNERING ORGANIZATIONS

Center for Social Development
The Cities for Financial Empowerment Fund
Federal Reserve Bank of New York
Intuit Tax and Financial Center
JPMorgan Chase & Co.
New America



Center for Social Development

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AMERICA**

ACKNOWLEDGMENTS

We are grateful to our panelists for generously sharing their knowledge at the symposium and for their contributions to advancing the financial capability field to improve the financial lives of Americans. In addition to our panelists, we appreciate the contributions of the symposium participants; it is your continued interest and dedication to this work that inspires ours.

We extend our gratitude to the Federal Reserve Bank of New York for hosting this event and to JPMorgan Chase & Co. and the Intuit Tax and Financial Center for their sponsorship. We also thank our friends at New America for their direction in shaping this event.

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Symposium participants, left photo, gather at the Federal Reserve Bank of New York before “Leveraging Tax Time to Build Financial Capability: Research Evidence and Policy Directions.” David Williams, of Intuit Inc., later delivers remarks.

Photos courtesy of the Federal Reserve Bank of New York
Report produced by the Center for Social Development

BACKGROUND

Over the past decade, a variety of initiatives have been implemented in the United States to facilitate saving and build financial security at tax time, including national experiments, pilot programs, and federal and state policies. Much progress has been made in encouraging tax filers, especially low- to moderate-income (LMI) tax filers, to save a portion of their refund. To expand upon the “golden moment” of saving at tax time, policymakers, practitioners and researchers must now seek ways in which the lump sum of saving at tax time can serve to render tax filers capable of confidently managing their financial lives.

During the 2016 tax season, thought leaders from government, policy, practice, foundations and academia reviewed the latest research findings and discussed future possibilities of using tax time to catalyze household financial capability. The goal of the symposium was to provide opportunities for discovery and discussion across disciplines about ways LMI households can contribute to their economic security, before, during, and after they file their taxes.

LEADERSHIP AND SPONSORS

Organizers of the symposium included the Center for Social Development, Cities for Financial Empowerment Fund, Federal Reserve Bank of New York, Intuit Tax and Financial Center, and New America.

Support was provided by JPMorgan Chase & Co., the Intuit Tax and Financial Center, and the Federal Reserve Bank of New York.

AUDIENCE AND MATERIALS

More than 180 researchers, practitioners, government officials and students from throughout the country participated in the symposium. Participants’ organizations included the Federal Deposit Insurance Corporation, the Aspen Institute, Capital One, Citi, MetLife, the Consumer Federation of America, universities, foundations, community organizations and government offices.

To see PowerPoint presentations from the symposium, [click here](#). The full video of the event is [posted here](#).

Of the conference participants who completed a brief survey, 95% said the panels were organized and had a clear message. In addition, more than 90% of conference participants said they believed they gained valuable information and that the ideas presented influenced their thinking on financial capability.

More than 180 researchers, practitioners, government officials and students from throughout the country participated in the symposium.

THE PROGRAM

The symposium took place at the Federal Reserve Bank of New York in New York City on February 22, 2016. The half-day event featured panels of distinguished experts who shared information about cutting-edge research and practice, and implications for public policy. Each panel focused on a different element of tax-time financial capability, including efforts among LMI populations; the most recent findings of the Refund to Savings experiment; current tax-time saving programs; and next steps for informing public policy.

U.S. Rep. José Serrano (D-New York), delivered the keynote address. He emphasized the wealth crisis many American families face, particularly minorities.

He focused on his sponsorship of the **Financial Security Credit Act**, which would enable tax credits for LMI tax filers if they deposit a portion of their refund into a savings vehicle, as a means to help bridge the wealth gap.

To lay the foundation for why tax time is such a critical moment to introduce financial capability for LMI households, the first panel focused on several of the challenges LMI households face in achieving and maintaining financial stability.

These challenges include issues such as household income volatility, the psychology of LMI households around spending and saving, and barriers to retirement savings. The panelists did conclude the session with areas for opportunity, which involved diverse partnerships, appropriate incentives at the appropriate time, and collaboration between tax preparation and other wealth-building direct service providers.



U.S. Rep. José Serrano

“We need to change the narrative. Instead of telling people America is the greatest country on earth, let’s tell people it’s a place where they can save and build wealth.”

— U.S. Rep. José Serrano

“[W]e do believe we’ve found the Holy Grail in the financial health field: tax time.”

— Janis Bowdler,
managing director, Global
Philanthropy, JPMorgan
Chase & Co.



Sarah Halpern-Meekin, left, Debra-Ellen Glickstein, Clinton Key, Rachel Schneider and Janis Bowdler.

Financial Security Credit Act

A federal bill that would authorize the provision of a tax credit for eligible taxpayers who contribute to savings products and facilitate taxpayers receiving this credit to open a designated savings product when they file their federal income tax returns

The subsequent panel solely focused on the **Refund to Savings (R2S)** initiative, discussing spending and savings trends based on behavioral economics, and highlighting results from the 2015 R2S intervention in the TurboTax Freedom Edition, which is part of the IRS Free File Program.

The R2S initiative is the largest tax-time savings demonstration in the country, with more than a half-million LMI tax filers, proving that low-cost and low-touch interventions work in encouraging filers to save part of their refund. As a result of the 2015 intervention, about 21,000 individuals saved some of their federal refund, totaling over \$35.6 million in savings vehicles.



Emily Bobrow and Dan Ariely

“We need to be asking questions like, ‘What is it in one’s environment that reminds them of saving?’ Everything reminds people to spend.”

— Dan Ariely, James B. Duke Professor of Psychology & Behavioral Economics, Duke University



Melissa Koide, deputy assistant secretary for consumer policy, U.S. Treasury Department

Melissa Koide, deputy assistant secretary for consumer policy at the U.S. Department of the Treasury, provided special remarks. She spoke about the Treasury’s new savings plan now offered at tax time, **myRA**, which is aimed at people who do not have a retirement plan at work. The Center for Social Development is researching consumer interest in opening myRA accounts online at tax time.

The next panel centered on tax-time saving pilot programs throughout the country and discussed what they have learned from their own projects and programs. The panel offered findings and concerns in regard to LMI households saving some of their refund, including the myth that people in debt do not save; that displaying healthy savings habits to your children can have a significant impact on them; and that encouraging savings may conflict with many households’ public benefits eligibility.

Refund to Savings (R2S)

An online national tax-time savings initiative that uses behavioral economics techniques to nudge LMI households to save a portion of their refund

MyRA

A new retirement savings account offered by the U.S. Department of the Treasury



Timothy Flacke, left, Gayle Hamilton, Gail Hillebrand and Jonathan Mintz

The final panel provided recommendations for the next steps for tax-time saving initiatives. The panelists called for stronger collaboration among intermediaries and direct service providers; new messaging about existing savings vehicles; greater involvement of the Internal Revenue Service; regulation of the tax preparation industry; and public policy to execute periodic federal refund payments for LMI households, such as the **Rainy Day EITC**.



Justin King, left, Ray Boshara and Adrián Franco

Rainy Day EITC

A proposed Earned Income Tax Credit (EITC) reform to increase savings and boost year-long financial security starting at tax time by encouraging workers to defer a portion of their refund

SYMPOSIUM AGENDA

- 11:40 a.m. **WELCOMING REMARKS**
Anand Marri, Vice President and Head of Outreach and Education, Federal Reserve Bank of New York
Sally Durdan, Executive Vice President, JPMorgan Chase & Co.
Michal Grinstein-Weiss, Associate Director, Center for Social Development, Director, Envolve Center, and Professor, Brown School at Washington University in St. Louis
Jonathan Mintz, President and CEO, the Cities for Financial Empowerment Fund
- 12:00 p.m. **KEYNOTE ADDRESS**
Introduction by Jonathan Mintz, President and CEO, the Cities for Financial Empowerment Fund
Congressman José E. Serrano, U.S. Representative for New York's 15th District
- 12:25 p.m. **SETTING THE STAGE: PROMOTING FINANCIAL CAPABILITY AMONG LOW-INCOME POPULATIONS**
Moderated by Janis Bowdler, Managing Director, Senior Program Director, Global Philanthropy, JPMorgan Chase & Co.
Rachel Schneider, Senior Vice President, Center for Financial Services Innovation
Clinton Key, Research Officer, The Pew Charitable Trusts
Debra-Ellen Glickstein, Executive Director, New York City's Office of Financial Empowerment
Sarah Halpern-Meekin, Assistant Professor, University of Wisconsin-Madison
- 1:20 p.m. **REFUND TO SAVINGS**
Moderated by Emily Bobrow, Reporter for The Economist
Dan Ariely, Director, Center for Advanced Hindsight, James B. Duke Professor of Psychology & Behavioral Economics, Duke University
David Williams, Chief Tax Officer and Executive Director, Intuit Tax and Financial Center, Intuit Inc.
Michal Grinstein-Weiss, Associate Director, Center for Social Development, Director, Envolve Center, and Professor, Brown School at Washington University in St. Louis
- 2:15 p.m. **SPECIAL REMARKS**
Introduction by David Williams, Chief Tax Officer and Executive Director, Intuit Tax and Financial Center, Intuit Inc.
Melissa Koide, Deputy Assistant Secretary for Consumer Policy, U.S. Department of the Treasury
- 2:30 p.m. **BREAK**
- 2:45 p.m. **BRICK AND MORTAR TAX TIME SAVINGS PILOTS**
Moderated by Jonathan Mintz, President and CEO, the Cities for Financial Empowerment Fund
Gail Hillebrand, Associate Director of Consumer Education and Engagement, Consumer Financial Protection Bureau
Gayle Hamilton, Senior Fellow, MDRC
Timothy Flacke, Executive Director, Doorways to Dreams Fund
- 3:45 p.m. **SCALING SAVINGS: NEXT DIRECTIONS FOR TAX TIME INITIATIVES**
Moderated by Adrián Franco, Director of Education, Federal Reserve Bank of New York
Ray Boshara, Senior Adviser and Director of the Center for Household Financial Stability, Federal Reserve Bank of St. Louis
Justin King, Policy Director of the Asset Building Program, New America
Ezra Levin, Associate Director of Government Affairs, CFED
David Marzahl, President and CEO, Center for Economic Progress
- 4:50 p.m. **CLOSING REMARKS**
David Williams, Chief Tax Officer and Executive Director, Intuit Tax and Financial Center, Intuit Inc.

PRESENTERS

Dan Ariely

Director, Center for Advanced Hindsight, James B. Duke Professor of Psychology & Behavioral Economics,
Duke University
@danariely, @advncdhindsight

Ray Boshara

Senior Adviser and Director of the Center for Household Financial Stability, Federal Reserve Bank of St. Louis
@stlouisfed

Emily Bobrow

Reporter, The Economist
@EmilyBobrow, @TheEconomist

Janis Bowdler

Managing Director, Senior Program Director, Global Philanthropy, JPMorgan Chase & Co.
@jpmorgan

Sally Durdan

Executive Vice President, JPMorgan Chase & Co.
@jpmorgan

Timothy Flacke

Executive Director, Doorways to Dreams Fund
@D2DFund

Adrián Franco

Director of Education, Federal Reserve Bank of New York
@adrianfranco_em

Debra-Ellen Glickstein

Executive Director, New York City's Office of Financial Empowerment

Michal Grinstein-Weiss

Associate Director, Center for Social Development; Director, Envolve Center; Professor, Brown School,
Washington University in St. Louis
@MichalGW, @CSDwustl, @EnvolveCenter, @BrownSchool

Sarah Halpern-Meekin

Assistant Professor, University of Wisconsin-Madison
@UWSoHe

Gayle Hamilton

Senior Fellow, MDRC
@MDRC_News

Gail Hillebrand

Associate Director of Consumer Education and Engagement, Consumer Financial Protection Bureau
@CFPB

Clinton Key

Research Officer, The Pew Charitable Trusts
@clintkey, @pewtrusts

Justin King

Policy Director, Asset Building Program, New America
@AssetsNAF

Melissa Koide

Deputy Assistant Secretary for Consumer Policy, U.S. Department of the Treasury
@mkoide1, @USTreasury

Ezra Levin

Associate Director of Government Affairs, CFED
@ezralevin, @cfed

Anand Marri

Vice President and Head of Outreach and Education, Federal Reserve Bank of New York

Jonathan Mintz

President and CEO, The Cities for Financial Empowerment Fund
@jmintzCFE, @CFEFUND

David Marzahl

President and CEO, Center for Economic Progress
@MarzahlDavid, @Econ_Progress

Rachel Schneider

Senior Vice President, Center for Financial Services Innovation
@RachelSchneider, @CFSInnovation

David Williams

Chief Tax Officer, Intuit Inc.; Executive Director, Intuit Tax and Financial Center
@Intuit



