

# Start at Home

Leveraging split deposits to build short-term savings—and employee financial well-being



# Introduction

In June 2020, the [National Credit Union Foundation](#) (the Foundation) launched a grant project to determine if the financial well-being of credit union employees could be improved by encouraging behaviors that build short-term savings.

Three credit unions participated in the study: Alabama Credit Union (ACU), Credit Human and Educational Employees Credit Union (EECU). Researchers from Common Cents Lab and the University of Southern California designed the experiment and oversaw the data collection and analysis.

A control group and treatment group of randomly selected employees at each credit union received two emails. Both included financial tips while the treatment group was also offered the opportunity to split their deposits—diverting a fixed percentage or dollar amount of their pay into a savings or investment account at the time of deposit.

Each credit union saw a promising uptick in split deposits, largely among the treatment group.

To determine whether this behavior had a positive impact on employee financial well-being, participants were asked to take a nationally validated survey. The survey uncovered evidence of a positive link between short-term savings and subjective financial well-being. At one participating credit union, action increased FinHealth scores by eight percent.

This report compiles both the process, results and impact, as well as detailing some of the challenges and opportunities for improvement for any institutions looking to replicate or implement a similar initiative.

While the results of this grant program are positive, they are derived from a small data set. Similar studies conducted on a larger scale would further validate and/or complement this report.

## Partners

### *Research*

**Mariel Beasley**

Co-founder, Common Cents Lab  
Center for Advanced Hindsight, Duke University

**Jeremy Burke**

Senior Economist, Center for Economic and Social Research  
University of Southern California

### *Credit Unions*

**Ted Coy**

Director of Innovation  
Alabama Credit Union

**Evelyn Fedako**

Chief Governance Officer  
Credit Human

**Mike Jones**

Member Education Director  
Educational Employees Credit Union

# The Problem

*Like the majority of Americans, credit union employees struggle with their financial well-being.*

It might seem logical to assume people working at financial cooperatives enjoy an enviable level of financial well-being. In reality, credit union employees struggle with the same challenges facing their members.

As this grant project launched (June 2020), the USA was in the early days of the COVID-19 pandemic. Pre-pandemic research showed that [78% of workers](#) lived paycheck to paycheck and the nation's financial inequities would only be exacerbated in the coming months and years.

With the expected impact of COVID, the unemployment rate was then estimated to rise to 15.8% by the third quarter of 2020<sup>1</sup> and there were widespread fears of recession. All good reasons for credit unions to fear for the financial wellness of their employees and their members.

## Things are still changing

Years later, there is substantial evidence consumers, including credit union employees, face continued challenges.

More than [176 million Americans](#) struggle with their financial well-being. Consumers face debt, uncertain incomes and, throughout 2022, rates of inflation not seen in over four decades.

Americans' ability to cover an unexpected \$400 expense without borrowing money or selling possessions—a benchmark of financial stability since 2013—had improved during COVID, but the gains were temporary. In November 2021, 32% of Americans said they'd struggle to cover a \$400 expense with cash or equivalents. The number rose to 49% by May 2022.

### *Opportunities to support your employees*

In addition to this grant program, the Foundation has partnered with credit unions across the nation to share repeatable/scalable examples of employee financial wellness initiatives:

- [Financial well-being quick start guide](#)
- [How to start an employee food pantry](#)
- [Setting employee financial health as an organizational goal](#)

<sup>1</sup>Congressional Budget Office, [Interim Economic Projections for 2020 and 2021](#)

# The Solution

*Encourage employees to build emergency savings with split deposits.*

There's no single way to help increase financial well-being among credit union employees (or anyone) but the Foundation's theory was finding effective ways to promote emergency savings is a good place to start. Access to emergency funds helps employees avoid relying on potentially expensive credit card debt or payday loans—choices that can put them on the path to financial distress.

With this goal in mind, a grant was funded to support two research partners and three credit unions. Their assignment was to select and rigorously test an evidence-based intervention designed to achieve a specific savings initiative: Build short-term savings through split deposits.

The goal of the intervention was to help employees who weren't currently splitting their deposits and/or were not sending their direct deposit to a savings account, establish a habit of saving. The goal was *not* to build a certain level of savings.

The grant was funded in July 2020 and concluded in May 2022.

# The Process

## 01 Build behavior maps that describe each step employees must take to split their direct deposit into a savings account.

This stage allowed the research team to identify commonalities and differences between the credit unions, which helped pinpoint an intervention that could be used at all three credit unions.

## 02 Select an intervention.

Behavior map findings were used to suggest intervention options. The team (researchers plus credit unions) chose a communication-based intervention: a series of two emails.

The emails were largely identical with some wording tailored to the tone/language of each credit union.

### Human Resource Pop-up

ACU and Credit Human were able to use pop-up messages on their HR portal to encourage more split-deposit uptake among the treatment group.

At Alabama Credit Union, we want all of our teammates to be financially secure and able to reach all of their financial goals.

To help achieve that, we offer the ability to split your direct deposit into your savings account you have, in order to continue building resilience into your financial life.

Click below to build your savings account.

Yes, I want to split my direct deposit

No, I do not want to split my direct deposit

### 03 Design the intervention.

#### → Select employees

To optimize the impact of the intervention, employees only received the emails if they were:

- Not splitting their direct deposit **and**
- Not sending their direct deposit into a savings account

Employees who met the selection criteria were randomly assigned to the Control (business as usual) or Treatment (intervention) group.

#### → Send each employee two emails (initial and reminder):

##### Control group

The control group got emails that discussed financial well-being and included financial health tips.

##### Treatment group

The treatment group received emails that focused on the benefits of putting a portion of their direct deposit into a savings account and the steps to do so. This email included the same financial health tips the control group received.

#### **Pro-tip: Isolate the effect of the nudge**

The employee experience was designed to be as similar as possible to best determine the impact of the invitation to split their deposit.

#### → Determine improved employee well-being through the Financial Health Network's FinHealth Score® Survey.

To gain insights into the financial well-being of credit union employees, employees were asked to participate in this nationally validated, eight-question survey prior to the intervention. A subset of the credit unions re-fielded the survey about 10 months after the intervention launched.

To avoid any concerns employees would see this step as an invasion of privacy, the surveys went out with an email that stressed the research was being conducted by a third party and all responses were anonymous and not shared with the employees' managers.

### 04 Implement the intervention.

All three credit unions launched the intervention in August 2021.

Prior to launch, the researchers collected:

- Baseline data on the study participants' deposit account balance
- FinHealth Scores for participants who responded to the baseline survey

Throughout the study, the researchers continued to collect administrative data on deposit account balances approximately bi-weekly through February 2022.

## Figure 1: Example of Control Group Email

**Subject:** Increase your financial resilience with these tips

Team,

Alabama Credit Union is dedicated to assisting you on your path to increased financial well-being. To help support your goals, we are conducting a phased campaign to encourage habits toward reducing financial stress and increasing resilience.

As a part of this campaign, we are sending some expert-recommended tips, which are included at the bottom of this email.

We want all of the Alabama Credit Union team to have a bright, successful, and healthy financial future – continue paving that path today by using some of the tips below!

Your CEO,  
Jane Doe

### **Why is ACU doing this?**

We believe that we should help our team members stay on and smooth the path toward financial resilience. The best way to ensure financial security is to start today to be able to confidently handle any rainy day in the future.

If you have questions, you can contact XX at [XX@CU.com](mailto:XX@CU.com)

### **Tips to increase your financial health:**

Here are 5 expert-recommended tips for increasing your financial health and resilience. We hope these concrete, actionable steps help you and yours feel more confident about your finances.

1. **If you have any debt, work towards paying off the high-interest debt first.** Higher interest will cost you more in the long run, so be sure to tackle that first.
2. **Work towards building an emergency savings account.** Once you dip into it for an emergency, remember to refill it and continue to grow it.
3. **Create a monthly or every-two-week budget,** separating your necessary payments (i.e. housing, insurance, medicine, loans) from your optional expenses (i.e. entertainment take-out). Once you know how much is required for your necessary payments, you can see how much you would like to change your optional expenses.
4. **Create separate savings accounts for separate goals.** Financial health experts recommend having at least two savings accounts: an emergency or rainy day fund, and a general savings account. If you have other big goals, such as a car down payment or a vacation, it can be helpful to have separate savings accounts for those goals, as well.
5. **Make sure you are contributing to a retirement fund.** No amount is too small to start automatically deferring to your long-term retirement fund today!



## Figure 2: Example of Treatment Group Email

**Subject:** Action Required: Set Up Direct Deposit Split Amount

Team,

Alabama Credit Union is dedicated to assisting you on your path to increased financial well-being. To help support your goals, we are conducting a phased campaign to encourage habits that will build financial success and resilience.

As a part of this campaign, we are sending some expert-recommended tips,  
**which are attached to this email.**

We would also like to take this time to encourage deferring a portion of your direct deposit of your paycheck into your savings account. As you know, building rainy day savings is a key way to reduce stress and increase resilience. Automatically splitting a little bit of your paycheck directly into savings allows you to effortlessly build those emergency savings. Experts recommended savings 5-10% of your paycheck, but no amount is too small to start saving now.

Use the personalized link below to sign up for a split direct deposit or to let us know that you are not interested at this time. Please make sure your decision is recorded in the system.

Log in [here](#) to acknowledge this email and start automatically saving a portion of your paycheck.

We want all of the Alabama Credit Union team to have a bright, successful, and healthy financial future – continue paving that path today by saving a portion of each paycheck.

Your CEO,  
Jane Doe

### Why is ACU doing this?

We believe that we should help our team members stay on and smooth the path toward financial wellness. A key way to ensure financial security is to grow your savings today to be able to confidently handle any rainy day in the future.

### What else should I know?

- You can change the amount directed to your savings at any time
- You can automatically send this money to your ACU share account or an account outside of ACU
- If you have any questions, you can contact XX at [XX@CU.com](mailto:XX@CU.com)

### Steps to save a portion of every paycheck:

1. Log in to <HR portal> [here](#)
2. **Enter** your savings account information and the percentage (e.g. 5%) or flat dollar amount (e.g. \$20) you want to save each pay cycle
3. Hit submit
4. ACU does the hard work for you and saves your selected amount each pay cycle!

## Pro-tip: Forced choice

Employees in the treatment group were asked to report their choice (splitting or not splitting their paycheck) regardless of which option they chose. This kept employees from opting not to split their paychecks simply because it was the easier choice.

## An interesting coincidence

Although the participating credit unions were not chosen based on the percentage of employees who already split their direct deposit and/or saved a portion of it, the percentage was relatively high at two of the credit unions prior to the study: Alabama Credit Union and Credit Human.

A member of the research team pointed out that this actually made it more challenging to achieve the goals of the study because it was attempting to change behavior among employees who had resisted splitting their direct deposits in the past.

|              | % Who receive direct deposit | % Who split direct deposit | % Who save some of direct deposit |
|--------------|------------------------------|----------------------------|-----------------------------------|
| Alabama CU   | 99%                          | 39%                        | 39%                               |
| Credit Human | 100%                         | 46%                        | 33%                               |
| EECU         | 99%                          | 16%                        | 11%                               |

## The Results

When considering the uptake from all three credit unions, 7.5% of employees in the treatment groups opted to split their direct deposit during the period of the study while 1.65% of those in the control group did.

When looking at individual credit unions, Credit Human had the highest uptake with roughly 11% of the treatment group and 3.5% of the control group opting in. At EECU and ACU, respectively, 5.8% and 3.78% of the treatment groups opted in and participation from the control group was essentially zero.

### Why did Credit Human have the highest level of uptake?

Although there's no decisive way to answer this question Evelyn Fedako has a theory.

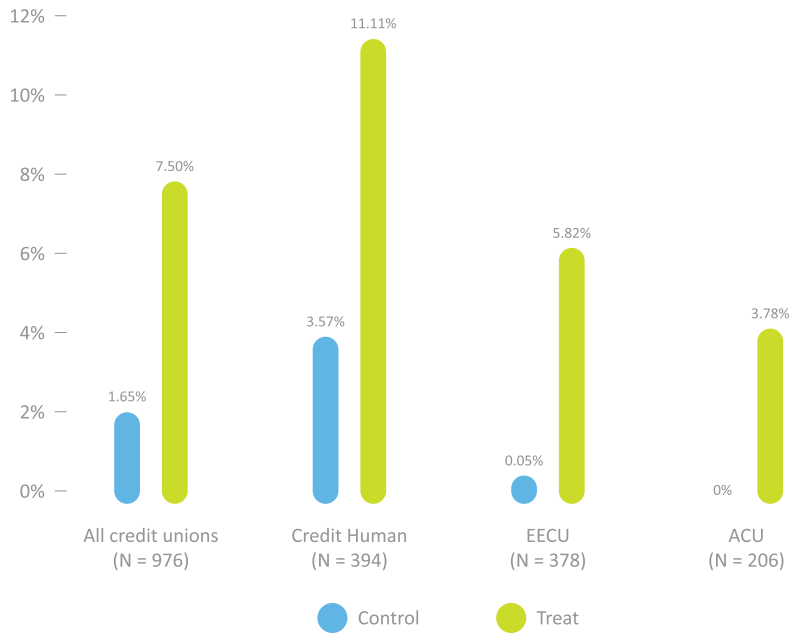
*"The intervention emails ran shortly after extensive conversations about Credit Human's efforts to increase financial slack for members and employees. Financial slack is about helping our members and employees access additional resources for unexpected expenses. This is a key element of our mission and I believe the coincidental timing may have helped with uptake."*

**Evelyn Fedako**

Chief Governance Officer, Credit Human



**Figure 3: Take-up Rates of Automatic Split Direct Deposit by Experimental Condition and Credit Union**



Although the overall uptake of the intervention was relatively low, the researchers described the **take-up rates among treatment participants as being statistically significant**. This suggests that the difference between treatment and control is likely attributable to the intervention, not simply due to chance.

### Other Key Results

→ **Increased savings balances.**

Although there was some evidence to suggest the intervention could increase savings levels:

- Seeing a bump in savings wasn't the intent of the intervention.
- A wide variety of variables made it difficult to determine the true impact on savings balances. These variables included a small sample size, a short time horizon and a large variance in the size of deposits, which could skew the results.



*We could neither detect nor rule out the possibility that this intervention increased savings levels. It's an unanswerable question, and a secondary outcome of this study.*

**Jeremy Burke**  
Senior Economist, University of Southern California's Center for Economic and Social Research

→ **Some employees had an enhanced sense of financial well-being.**

Perhaps the most exciting finding of the study was evidence to suggest signing up for split deposits increased employees’ sense of financial well-being.

The strongest proof came from EECU where 81 employees participated in the FinHealth Survey both before and after the study. Some were from the control group, others from the treatment group, making this an ideal population to study and compare.

Based on these responses, the researchers estimated that treatment increased FinHealth scores by 5.2 points on average, which was approximately an 8% increase relative to the control mean of 63 points.

**Important note**

The FinHealth Survey included sub-scores for a variety of categories, including plan, save and borrow. The strongest pre-/post-survey increase in financial well-being was in the **Save subscore**. When the researchers looked at perceptions around savings with the EECU employees, after adjusting for financial health before the intervention, save scores went up by 11 points on average. This is an approximately 20% increase relative to the control mean of 54 points.

**Figure 4: EECU Financial Well-being Results—post-intervention**

|                          | <b>Overall improvement in financial well-being</b> | <b>Savings-specific improvement in financial well-being</b> |
|--------------------------|----------------------------------------------------|-------------------------------------------------------------|
| <b>Increase in score</b> | 5.2 points                                         | 11 points                                                   |
| <b>% improvement</b>     | 8%                                                 | 20%                                                         |

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*I would describe this as an exciting finding that comes with an asterisk because the population was so small. This is extremely promising, and I'd like to see it replicated with a larger group.*

**Mariel Beasley**  
Co-founder, Common Cents Lab

# Study Insights

While the results of this project are somewhat modest, all three credit unions and the two research teams found them to be encouraging. After all, **the cost to implement was minimal and the email process required little effort.**

In addition, much of the cost from the original study was incurred because of the steps required to randomly assign employees to the control or treatment groups and to determine key differences in uptake between the control and treatment groups. If the treatment emails were sent out to all employees who weren't currently splitting their direct deposits, none of these costs would be incurred. **All three credit unions have expressed a desire to use these emails with all employees in the future.**

Here are some additional insights offered by the research team and participating credit unions for those who might consider a similar program in the future:

## 01 Keep the focus on savings, not deposit levels.

With emergency savings, an ebb and flow in the deposit balance are expected and desirable. The intervention's goal wasn't to build up a certain level of savings but to get employees in the habit of saving.

## 02 Have messages about splitting direct deposits come from a trusted source.

Choose someone from the senior management team or HR whom employees recognize: At Credit Human, which had the highest levels of uptake, the emails came from the leadership team. Evelyn Fedako, chief governance officer at Credit Human, also recommended aligning the tone and language of the emails with the language used elsewhere.

## 03 Send pre-emails to minimize concerns about phishing.

Employees have been paying attention to your anti-phishing efforts and could logically ignore emails that include links and attachments. Sending an introductory email ahead of time could reduce this risk—but make sure there is a minimal lag time between the pre- and actual emails to avoid confusion.

## 04 Make it easy for employees to split their direct deposits.

When possible, link to forms that have been pre-filled as much as practical. Otherwise, attach the forms to the email and include detailed instructions for completion.

## 05 Repeat yourself.

Reminders are critical. Much of the uptake happened after the second email.

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*Our communication focuses on the idea of creating financial slack for our members—it's a concept employees are familiar and comfortable with; there's an integrity there.*

**Evelyn Fedako**  
Chief Governance Officer,  
Credit Human

## 06 Apply analytics to employees' emails—not just members'.

Most credit unions spend a lot of time, effort and resources to statistically model and forecast the most effective ways to curate email messages to members. But with employees, that's not typically the case.

## 07 Don't make assumptions about employees' financial knowledge.

Strategies that seem “old hat” to the executive team might be new to your employees. “When we first heard that people weren't familiar with splitting their paycheck, I almost had to bite my tongue,” said Coy. “Really? You've never heard of this? But that was a good reminder to me not to assume, and to remember that constant education really does make a difference.”

## 08 It's ok to be prescriptive.

There can be an understandable reluctance to tell employees what to do, but this intervention indicated it can be valuable to provide clear direction. People benefit from and respond to receiving anchors and recommendations. The treatment was clear, concrete and very specific about recommending a plan of attack (for instance, the emails suggested what percentage of their paycheck employees should deposit into emergency savings).

## 09 Leverage the realities of behavioral economics to improve future efforts.

Although this intervention was simple and easy in many ways, it was quite challenging in others and there was a fair amount of friction inherent in the process. For instance, the emails were long and required close reading by employees. And if an employee did want to split their deposit, they still had to go through a number of steps to achieve that goal.

Credit unions looking to replicate this process should consider taking steps to remove as much friction as possible. That could include building tools into the HR portal to speed sign-up, preloading documents so employees don't have to track down account information and sending back a confirmation email after the employee has signed up to split their deposit.

Burke stressed that the ideal process would require the least amount of effort on the employee's part as possible—for instance, an employee could be signed up to split their direct deposit simply by checking a box on a web page or responding “Yes” to an email.

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*We've never tracked and observed the emails we send to employees—we've just sent the same email to everyone. This project has given us a new awareness of the difference the right email message can make.*

**Ted Coy**  
Director of Innovation,  
Alabama Credit Union

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*We didn't automate the sign-up process because we needed to have the same process at all three credit unions, but I think it was a hurdle. I'm guessing if you did a treatment and control for a print process vs. an automated one, you'd see a difference.*

**Mike Jones**  
Member Education Director,  
Educational Employees Credit Union

## 10 Incorporate split deposit invitations into “fresh start” moments.

This intervention uncovered a critical opportunity for future split deposit efforts: Add it to “fresh start” moments. In short, times when employees face a big change in their lives and are already making other financial choices. The most logical time is during onboarding, but other valuable opportunities include:

- Beginning of the year
- Birthdays
- When the employee receives a raise
- During open enrollment for benefits

Beasley stressed that people budget to their paycheck and are creatures of habit: They’re used to seeing a specific amount of money come into their account every pay period and they’ve built their lifestyle around that. Burke agreed that there’s a huge amount of friction associated with making a change to someone’s typical income.

Instead of sending employees an email out of the blue, leverage times when they’re already making financial decisions. And if you can reach out when there’s going to be a positive change in the overall amount of their deposit—such as upon hiring or when they’re getting a raise—you’ll have a better shot at getting them to split their deposit.

## A surprising insight: Emergency savings goals can backfire.

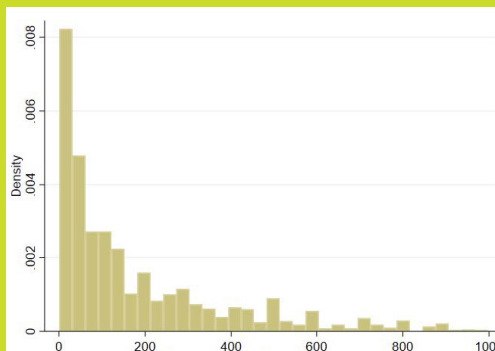
Consumers are often encouraged to build a certain level of emergency savings—say by dollar amount or a specified number of months of income. While that sounds like a reasonable goal, the researchers on this project pointed out it can actually be detrimental.

“Emergency savings are to handle financial stress in your life—you want those savings to be liquid and you want to see people putting money in and taking money out,” emphasized Mariel Beasley, co-founder

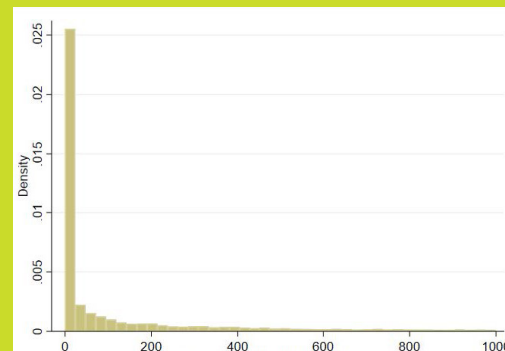
at Common Cents Lab. “But too often, people won’t take the money out because it feels like a failure to dip below a certain level in their savings. It’s not uncommon for people to put an unexpected expense on a high-cost debt vehicle like a credit card to ‘save’ their savings.”

[Research from 2019](#) found the majority of financial shocks are under \$200, which means even low levels of savings can have a big impact.

### Expenditure Shocks Distributions



(a) Repairs and maintenance expenditure



(b) Out-of-pocket health expenditure

Panel (a) presents a histogram of repairs/maintenance expenditures (e.g., unexpected breakdown of a car, appliance, etc.) from the 2017 Consumer Expenditure Survey (CES). Panel (b) shows a histogram of out-of-pocket health expenditure from the Medical Expenditure Panel Survey (MEPS).

“This research found the most ‘bang for your buck’ in terms of savings was at very low levels,” said Beasley. “For instance, there was a significant difference between having \$50 in savings and \$100 in savings when it came to missing a bill pay or forgoing food or a medical expense.”

Jeremy Burke, senior economist at the University of Southern California’s Center for Economic and Social Research added, “Savings guideposts can be helpful because many people don’t know how much they should save, but a more universal message is to build slack in your budget with routine savings. Over time, you’ll build up the money you need to offset the costs of unexpected emergencies.”



# Takeaways

## 01 Credit union employees need help.

Credit unions of all sizes are discovering that a large percentage of their employees are financially unwell: Simply becoming a credit union employee doesn't automatically convey financial experience and knowledge. This reality is only exacerbated during times of economic uncertainty.

## 02 Credit unions owe it to their employees to look for ways to make a difference.

It's not self-serving or neglectful of your members to focus on employees: Employees [need their own PPE](#) before they can make a difference for members.

## 03 Small interventions work...

As this program showed, even an extremely small intervention—in this case, a couple of emails—made a difference. “It was cheap, easy and didn't require eight months for a dev team to make changes to an online platform,” said Beasley. “It was a great starting point.”

Coy adds, “We had 3-4% uptake from our employees. That might sound modest, but if those results had been for an auto loan campaign, we'd be throwing a party.”

## 04 ...but be willing to go bigger and deeper.

An uptake of 7.5% across the three credit unions was an impressive start, but it's just that: A start. Helping your employees improve their financial well-being isn't a box-checking exercise, it's something credit unions must continually strive for.

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*Generally speaking if something isn't mandatory for our employees, we don't get a lot of buy-in. When our senior VP of human resources heard we had nearly a 6% response, they were really excited.*

**Mike Jones**

Member Education Director,  
Educational Employees Credit Union

# An Analysis Cheat Sheet

### → Marginally significant.

While this might sound less than impressive, it actually indicates that something is quite promising. It can sometimes be hard to make a more definitive determination because of limitations in the study like a small sample size or short time horizon.

### → 95% confidence interval.

This means that if an intervention/experiment was conducted 100 times, 95% of the time we would continue to see specific outcomes. This is the “gold standard” when it comes to research findings.

# Emergency savings matter. Here's the proof.

EECU asked its employees to share how building a rainy-day fund had impacted their lives. To encourage participation, anyone who replied to this request was put into a drawing for one of two \$25 Visa gift cards. The responses EECU received ranged from the practical to the heartbreaking—here are two.

*Knowing that car problems are only a matter of time, I have committed over the last couple of years a minimum of \$50 a month to a savings account specifically for car expenses. Well, it sure came in handy last September. I was doing a routine maintenance appointment and spent a little extra for a full inspection. Turns out, I was right to do that as not only did I have a leaking radiator, but also a shock brace for my wheels on the left side of my vehicle was shot. Both repairs were over \$1000 and I was fortunate enough that I had saved that amount and was able to take care of it without it devastating my bank account.*

*I believe that setting money aside is an important key asset to have in the case of unexpected emergencies. In my personal experience, I had been saving up a “goal fund”, normally for future goals such as my first home or first dream car. In an unexpected situation, my father contracted COVID-19 and fell ill. He was admitted to the hospital for three and a half weeks before we got the news that he wasn’t going to make it. My father passed at 51 and being the oldest child, it fell upon me to be responsible for his burial services. My “goal fund” turned into my “emergency funds” right away and over the years, I had saved just enough to cover a few burial costs such as his services and resting place. Although we work every day of our lives, we are only able to use our hard-earned money to pay our daily dues such as rent, electricity, etc. If it wasn’t for my emergency funds, I would’ve not been able to give my father at least a decent service. I wouldn’t change a thing about setting up that emergency fund and will continue to keep it going for any future unexpected situations.*

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visit [ncuf.coop/about/grants](https://ncuf.coop/about/grants)**