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Super Savers?

A Randomized Evaluation of Commitment Savings and Financial Counseling in New York City

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ABSTRACT

We partner with a New York City-based credit union to test a commitment savings product and financial counseling among a low-income population. The product, marketed as a Super Saver Certificate of Deposit (SSCD), allows gradual deposits toward a client's savings goal but imposes penalties for missed goals or early withdrawals. We randomly assigned credit union members to a SSCD product offer, an offer of free financial counseling, or a survey-only control group. We find strong demand for both SSCD and counseling that is positively correlated with proxies for behavioral biases. 65.7% of SSCD holders avoided substantial penalties by holding to maturity, and the average closing balance was \$910. However, only 32.3% of SSCD clients met their chosen goal amount, and we do not find significant evidence that either the SSCD product offer or the financial counseling treatment increases savings balances or net assets, or affects borrowing behavior, relative to our control group.

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