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SAVING INCENTIVES FOR LOW- AND MIDDLE-INCOME  
FAMILIES: EVIDENCE FROM A FIELD EXPERIMENT  
WITH H&R BLOCK\*

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We analyze a randomized experiment in which 14,000 tax filers in H&R Block offices in St. Louis received matches of zero, 20 percent, or 50 percent of IRA contributions. Take-up rates were 3 percent, 8 percent, and 14 percent, respectively. Among contributors, contributions, excluding the match, averaged \$765 in the control group and \$1100 in the match groups. Taxpayer responses to similar incentives in the Saver's Credit are much smaller. Taxpayers did not game the experiment by receiving a match and atypically withdrawing funds. Tax professionals significantly influenced contribution choices. These results suggest that both incentives and information affect behavior.

I. INTRODUCTION

Many low- and middle-income American families save little for retirement or for other purposes. Families with income below \$40,000 are unlikely to participate in employer-provided pensions or Individual Retirement Arrangements (IRAs) and in 2001 had just \$2,200 in median net financial wealth outside of retirement accounts.<sup>1</sup> Researchers and policy-makers have long considered ways to raise saving among these families. The conventional

We thank H&R Block for the collaboration and resources it has devoted to this experiment. We gratefully acknowledge the help and contributions of the H&R Block team led by Berna Wilson and including Mary Beth Granger, Scott McBrink, John McDonald, Andrew Olson, Mitchell Powers, Ajith Raj, Doris Seyl, John Thompson, Kenneth White, and Sabrina Wines, as well as the district and office managers and the 600 tax professionals who implemented this experiment in St. Louis. We also thank Marc Ferguson (Onesta Software), Yvette Eick (YMCA), John Marinovich (Group 1), and Laura Bus and Bo Harmon (The Retirement Saver's Project) for their assistance. We gratefully acknowledge support from the Pew Charitable Trusts, the Sloan Foundation, and NSF Grant SES-01-34346. We thank three anonymous referees, the editors Lawrence Katz and Edward Glaeser, Santhi Mahalingam, Michael Shorrock, Joel Slemrod, and numerous seminar participants for comments and discussions. The views expressed are those of the authors alone and do not necessarily reflect the views of H&R Block, any of the funders of this project, or any of the institutions with which the authors are affiliated.

1. See Barman et al. (2004) for data on defined contribution pension coverage rates by income group. Calculations from the 2001 Survey of Consumer Finances (SCF) imply that only one-quarter of households with income below \$40,000 have defined benefit coverage. Among households with each income below \$40,000,

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*The Quarterly Journal of Economics*, November 2006

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November 01, 2006