Latino Immigrant Families Saving in Children's Savings Account Program against Great Odds: Prosperity Kids

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Table of Contents

Preface

By William Elliott

It seems clear from asset-building research that, while low-income families can save (Schreiner & Sherraden, 2007) they have limited disposable income and therefore are unlikely to save as much as their higher-income counterparts whether in traditional investment vehicles or Children's Savings Accounts (CSAs), even though CSAs are designed to build assets among lower income families (see Sherraden, 1991). So, while this report presents evidence on savings outcomes, to understand the success of the program examined here we need to understand the context in which families are being asked to save. This idea is contradictory to how we normally think. In part, what makes mainstream financial instruments unequitable is that they reward the amount of money people invest, an accounting which favors families with more money over families with less money. What makes this system even more punitive for lower income families is that American values connote the amount of money people have in financial instruments with their effort/success, or even their 'worth', in some non-financial sense. That is, in some weird way, amount saved serves as a proxy for effort or even merit, even if some families' greater accumulation requires less exertion to realize. From this perspective, financial success is a result of effort and hard work. This idea is embedded in the psyche of most Americans and shapes the way we collectively view individuals' financial successes or failures. However, amount saved as a proxy for effort does not take into account whether that money came from hard work, inheritance, or a legacy of wealth inequality. It does not consider the relative sacrifices exerted by some savers, incommensurate with the balances in their accounts. Therefore, I suggest in order to understand amount saved and make it a meaningful metric within the CSA field, we have to understand it within the families' current financial contexts.

This study explores saving by low-income Latino families within Prosperity Kids, most of whom are immigrants, within a CSA conceived and managed by Prosperity Works, a nonprofit organization in New Mexico. The 2016 Annie E. Casey Foundation 'KidsCount' rankings placed New Mexico 49th out of 50 states in overall child well-being (Annie E. Casey Foundation, 2016). The state has worsened in recent years on measures such as child poverty, which increased from 28% in 2012 to 30% in 2013. Latino New Mexicans face particular financial challenges; in 2014, 25% of Latino New Mexicans were poor. Locally, 36% of children in Bernalillo County (Albuquerque), where Prosperity Kids operates, live in households lacking full-time, year-round employment. More than 63% of students in the Albuquerque Public Schools qualified for free and reduced lunch in 2014 (New Mexico Voices for Children, 2015). New Mexico is one of the worst-faring states in the nation in financial exclusion (CFED, 2015), data which suggest that many New Mexicans lack access to the economic opportunities and financial products that could facilitate upward mobility. This landscape should help shape our understanding of whether the amount saved in Prosperity Kids' accounts and the effort it took to get that amount into the accounts are substantial or not. The questions that comes to mind most readily when thinking about populations like this is "can they save?" and "how?", not "how much?". With this context in mind, I think the preliminary results of Prosperity Kids are quite encouraging and paint a picture of a people putting forth extreme effort to save for their children's futures.

From my perspective, financial context is not the only way we should understand amount saved. It tells us something about whether the amount in the accounts is representative of high effort, but does not tell us whether this effort will translate into improved outcomes for low-income families. Therefore, another important way for the field to contextualize amount saved may be to put into context the potential impact small-dollar accounts can have for changing low-income children's outcomes. Small-dollar CSAs show real promise of improving socioemotional development among young, particularly, low-income children (Huang, Sherraden, Kim, & Clancy, 2014), competency which has been linked to improved educational outcomes (Durlak, Weissberg, Dymnicki, Taylor & Schellinger, 2011). Similarly, CSAs have been shown to improve parents' educational expectations (Kim, Sherraden, Huang, and Clancy, 2015), also linked to better educational outcomes for children (e.g., Beal & Crockett, 2010). Other evidence suggests that even having a small amount of money set aside for college is associated with greater odds of enrolling in and graduating from college (e.g., Elliott, 2013). In addition to improving educational outcomes, evidence suggests that being connected to financial institutions early on may be a gateway to asset accumulation through a more diversified asset portfolio. For example, Friedline et al. (2014) find that while owning a savings account as a young adult only contributed $50 toward liquid assets, the added contribution of combined stock and retirement accounts—themselves products of savings account ownership—was $5,283. This does not suggest that saving itself is not important; it just suggests that if people are not saving large sums of money, or enough money to pay for the full cost of college, for example, they may still be exerting a considerable amount of effort, and this effort may have value for changing outcomes.

I will close by saying that this perspective, which emphasizes the potential importance of even accounts small in absolute dollars, does place a lot of emphasis on inclusivity, particularly with regard to getting everyone an account. Automatic enrollment shows a lot of promise in this regard (Clancy, Beverly, Sherraden, Huang, 2016). Further, such an analysis implies that saving by itself may never lead to wealth equity, which is different than saying it has not already led to asset growth among low-income populations. It might sound strange in this report, which focuses on saving, to say that saving will not lead to wealth equity by itself. However, if low-income families have small amounts of money at their disposal to save and financial institutions reward the amount of money invested, higher-income families will in most cases be advantaged maintaining the equity gap. The same is true for CSAs. CSAs provide families with initial deposits, match, and other incentives to reward even small amounts of money saved. While these are important steps and truly increase the amount of money these families have available to them for college, they may do little to reduce wealth inequity. Savings success in CSAs may help to lay the foundation for more substantial asset transfers, however, by building momentum in the children's savings field. To this end, I suspect that the move toward connecting CSA programs to Promise programs (i.e., programs that put money into CSAs that is traditionally designated for grants or scholarships) is the kind of step that is needed to sufficiently reward the effort of low-income families, to make college affordable, and to meaningfully reduce wealth inequality in America.

Sincerely,

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Executive Summary

This study uses administrative records from New Mexico's Prosperity Kids Children's Savings Account (CSA) program and in-depth interviews with a sample of participating parents and children to examine savings outcomes and experiences for these low-income Latino families. Prosperity Kids' model relies heavily on social networks to recruit participants, encourage savings, and foster college-saver identities. Parents participate in financial education sessions designed to increase their financial knowledge and equip them to transmit financial competencies to their children. Families who open Prosperity Kids Children's Savings Accounts with the local participating credit union receive a $100 initial seed and up to $200 in a 1:1 match for household savings per year, over ten years. These incentives are financed with a mix of philanthropic and public dollars. The total budget for Prosperity Kids contributed to the cap of 500 total Children's Savings Accounts, at least in this initial iteration of Prosperity Kids. In addition to savings matches, parents can earn benchmark deposits for completing activities associated with child development. Parents may also open emergency savings accounts to use for other purposes; these accounts are held in the same partner credit union and seeded with $10.[1] Children's Prosperity Kids accounts are custodial, held by nonprofit Prosperity Works. If not used for postsecondary education prior, young adults may withdraw the funds in their CSAs at age 23 to use for a 'stable transition to adulthood', to include homeownership, entrepreneurship, or other investment.

Prosperity Kids at a Glance

Program Elements	Funding	Administration
• Comprehensive, evidence-based curriculum (10 two-hour sessions) on child development, health, academic preparation, and families' rights • Financial capability training for parents • Custodial children's accounts, seeded with $100 • Emergency savings accounts for adults, seeded with $10 • Matches for family savings in the CSA up to $200/year for 10 years • Incentive deposits to the CSA for families' completion of specific activities associated with children's success • Allowable uses that include investments in a transition to stable adulthood, including entrepreneurship, homeownership, and/or retirement savings, in addition to postsecondary education	• Grant funding from Kellogg Foundation • $25,000 from City of Albuquerque • In-kind support from Prosperity Works, Partnership for Community Action, and other partners	• Account administration by local credit union (creation of account type, account opening, tracking of deposits for match) • Custodianship by Prosperity Works, including maintenance of the account from which incentives, matches, and seeds are drawn • Statements issued by Prosperity Works, pursuant to receiving financial data from the credit union

Results

Administrative Savings Data Results

This analysis considers account data, provided by the Prosperity Kids credit union partner, on 493 accountholders. The majority of children with accounts are Hispanic (99%), and among the subset of 298 children for whom demographic data were available through the Albuquerque Public Schools, slightly greater than one-half were English Language Learners (ELL) (57%), 84% qualified for Free/Reduced Lunch, and 11% received special education services of some kind. These values did not vary substantially when comparing savers to non-savers.

[1] This analysis is focused on the Children's Savings Accounts within Prosperity Kids, not the Emergency Savings Accounts owned by some participating parents.

- Savings Rate
    - 29% of Prosperity Kids accounts have seen deposits from families' saving.
- Savings Amount
    - Among savers (families who contributed their own deposits, in addition to match or incentives)
        - 54% have saved more than $100 in their account.
        - Median total account value for these saver families was $345 at the end of 2015 (mean, $394). The median amount of family deposits is $123 (mean, $155), with median match deposits of $124 (mean, $139).
- Average monthly contributions are $12 (ranging from <$1 to $220); average quarterly contributions are $31.
- Comparing savers and non-savers (those who had not yet made a deposit from family savings), savers have a longer tenure as Prosperity Kids accountholders, at an average of 13 months, compared to 7 months for non-savers. However, average family savings amounts, for savers, were comparable regardless of time enrolled.
    - Families who have been enrolled for six months or less have an average savings of $151, while savings averaged $152 for savers who have been enrolled for more than one year (ranged from $1 per month to $220 per month).
    - More savers (23%) also have Emergency Savings Accounts than non-savers (7%).

In-depth Qualitative Interview Results

Identity-Based Motivation, as extensively researched by Oyserman and colleagues, is understood to comprise three critical components that, together, help to explain why individuals act in ways consistent with a particular desired identity (Oyserman, 2007; Oyserman, 2013; Oyserman, 2015; Oyserman & Destin, 2010). As applied here to the concept of a college-saver identity, the dimension of salience connotes bringing college to the forefront of one's mind, prompting urgent preparation. Normalization of difficulty refers to framing college saving as a manageable, albeit still hard, task. Group congruence is implicated in activating individuals to behave in ways consistent with this college-saver identity, because they see doing so as consistent with their membership in key social groups. Identity-Based Motivation serves as the theoretical frame through which data gleaned from in-depth interviews with parents whose children have Prosperity Kids Children's Savings Accounts were analyzed.

Additional demographic information was gathered on the sample of parents (all of whom were mothers) interviewed. Interviewed mothers are financially disadvantaged, with the majority reporting average household incomes of $25,000 or less and 87% receiving Food Stamps and/or TANF. The majority were employed in non-professional industries such as housekeeping, childcare, and retail/food services. Most mothers reported some difficulty with paying bills each month. Nearly one-fifth found it very or extremely difficult to meet their financial obligations.

- <u>Salience:</u> Participation in Prosperity Kids may be making college saving a salient financial objective, something worth striving for, starting today.
    - As Luz, age 41 and earning less than $15,000 annually, underscores, *"in a way we would never have thought of forcing ourselves to open an account,"* without Prosperity Kids. Maria, age 30 and with two children in elementary school,

reiterates that, *"without the program I really wouldn't have thought about saving for college, for them."*

- Normalization of difficulty: The support of the Prosperity Kids program—including the initial seed, withdrawal restrictions, and match incentives— may help to make saving seem like a manageable, albeit still difficult, objective.
  - Sara, age 28, has an annual income between $25,001 and $35,000 and has saved $75 in each of her three children's accounts. She attributes her motivation to her realization of the challenges inherent in saving for college. Rather than being dissuaded by this bleak reality, she has seized the opportunity presented by Prosperity Kids. "*My children, when they grow up, I might not have enough money to pay for the university. I guess it is very expensive. And I know that this will help them."*
- Group congruence: The structure of Prosperity Kids, where parents recruit each other and are encouraged to hold each other accountable for adhering to savings goals, explicitly seeks to foster a shared commitment to saving.
  - Reflecting this, Maria is quick to assure the interviewer that she can always get needed information about Prosperity Kids, because, "*I have people I know that also get very involved in that…many times at my sons' schools there's a parent class and there we get together."* Rocio credits parents she knows with influencing her decision to open the account, and several parents describe their efforts to convince others to enroll, as well.

The qualitative interviews also examine parents' strategies for saving in Prosperity Kids and, in particular, contributions of elements of the Prosperity Kids design that parents see as shaping their savings outcomes.

- These parents describe saving primarily by reducing consumption, drawing on lessons from the financial education provided by Prosperity Kids.
  - Daniela, age 27 and earning between $15,001 and $25,000 per year, is among the most successful savers in the sample, having already deposited almost $1,000 of her own money into her two children's accounts. In addition to taking advantage of an opportunity to increase her hours at work, Daniela details new habits informed by education received through Prosperity Kids: "*Well now I make a shopping list. I didn't before. I used to bring money in the purse, and I'd just spend it in things that I didn't really need in the house you understand?...And whatever is left over instead of spending it I go to deposit it…And before we used to go to restaurants too often…now there's no fries, no juices, more savings."*
- Elements of the Prosperity Kids design may also support families' saving.
  - Adriana, age 32 and with a household income between $15,001 and $25,000 per year, has managed $280 in deposits into her child's account, a feat she attributes in part to the withdrawal restrictions. "*And the most important thing is that you can't touch that money; that's what I like because that money is there and we know we can't withdraw it or anything, it's just for them."*
- Prosperity Kids' model positions parents as children's first financial teachers, and there is early evidence that they may be assuming this role. All but one of the parents interviewed

described interactions with their children around saving. Children's interviews confirm these exchanges.

- Rocio, for example, takes advantage of frequent interactions with her children to inculcate these savings values. "*Well I always look for discount opportunities, of everything. I always tell them that if I can save a penny {laughter}. I will save it…I always tell them "well we have to look always where it's cheaper and save it and save it because one doesn't know what may happen tomorrow."*
- Parents in Prosperity Kids teach by example as well as through overt instruction. Elizabet reports that her son has learned about saving because *"he sees us, for example…not spending money in things that you don't need."* Isabel, whose daughter's Prosperity Kids account already has more than $575, includes her child in the entire process, from saving in the piggybank to depositing at the credit union.

Conclusion

The experiences of the disadvantaged families enrolled in New Mexico's Prosperity Kids Children's Savings Account program underscore what should now be accepted fact: poor people can save, although they need additional supports and appropriate opportunities in order to succeed (e.g., Schreiner & Sherraden, 2007). These parents' documented deposits, generated primarily by sacrificing consumption in order to stretch limited incomes, further illustrate the disproportionate effort required for disadvantaged households to achieve financial outcomes commensurate with those that more privileged Americans can realize with less exertion. This finding should provide further evidence of the need for progressive policies that change the distributional consequences of existing institutions. Pilot programs such as Prosperity Kids can demonstrate significant effects on the financial well-being and future child outcomes (see Elliott, 2015) for those who participate, but it will likely take national CSA policy (see, among others, Cramer, Black, & King, 2014) to create an infrastructure capable of providing universal opportunity and seeding accounts with a wealth transfer equal to the task of redressing inequity. Examination of Prosperity Kids further suggests, however, that a national, universal model may be most successful if local organizations are able to innovate unique features that align with populations' needs and to layer on culturally-relevant engagement strategies, rooted within existing programs and institutions. In this case, Prosperity Works carefully designed the Prosperity Kids Children's Savings Account program so that alternative documentation could be used to open accounts, entire families could enroll together, and parents would be given tools with which to improve their own financial positions. They also leveraged an existing—and funded—peer outreach program in order to facilitate efficient implementation. These parameters may have contributed to successful rollout and, these findings suggest, to meaningful savings outcomes for this population, as well.

The idea of using children's assets to catalyze transformative effects—on educational expectations and subsequent achievement (Elliott, 2013), on family finances, on overall well-being (Sherraden, 1991)—has captured the imaginations of program architects and philanthropists and the attention of policymakers. Communities around the country (CFED, undated), representing different sectors and institutions with influence over children's outcomes, have latched onto the promise of Children's Savings Accounts, innovating their own approaches, adding to the knowledge base, and, most importantly, tangibly improving children's chances.

Prosperity Kids is a relatively small CSA program, working with a relatively select group of obviously motivated—if economically disadvantaged—families. Still, the distance between these households and financial security is arguably as great as in any community. That college saving can take root in this adverse environment and against these great odds further credentials the CSA concept. Building on the theoretical and empirical foundation undergirding progressive children's asset-building interventions, efforts such as Prosperity Kids continue to prove that savings can work, in a variety of contexts and on many fronts.

Introduction

Children's Savings Accounts (CSAs) are interventions that seek to change the distributional consequences of existing financial instruments by providing progressive incentives to equalize outcomes for disadvantaged children (Sherraden, 1991; Cramer & Newville, 2009). Delivered through a financial instrument, they usually incorporate initial seed deposits, savings matches, and/or benchmark incentives, along with some financial education (Goldberg, 2005; Sherraden, 1991). In this study we examine savings patterns, parents' views of college saving, and the asset accumulation realized through the CSA component of the Prosperity Kids initiative. While this research cannot be generalized beyond the confines of the population studied here, it may be of potential significance to the CSA field and the broader conversation about college financing. This is because, to date, there have been relatively little data available on Latinos' participation in CSAs, and even national figures on college saving often include relatively few Latinos or immigrant families.

Program Overview

New Mexico's Prosperity Kids CSA program provides Children's Savings Accounts and parental emergency savings accounts, held at a local credit union. In addition, the CSA includes financial education and parent engagement sessions, brokered through a partnership that Prosperity Works arranged with the facilitators of Abriendo Puertas (Opening Doors), a nationally-recognized peer parent training program aimed primarily at Latino immigrant families. Abriendo Puertas, which uses popular education to engage parents in lessons centered on Latino families' values and strengths, is operated in Albuquerque by Partnership for Community Action, a local nonprofit organization with a long history of serving the Latino community. Abriendo Puertas' parent facilitators were among the first Prosperity Kids accountholders. They were the first to receive financial capability training, as well. This train-the-trainer approach was designed to ensure that facilitators approached Prosperity Kids participants from a foundation of solid financial understanding and to more fully root the financial training in the cultural perspectives of the Latino participants. Critically, distinct from the enrollment and onboarding processes in many CSAs around the country, these early Prosperity Kids leaders set the precedent for strong word-of-mouth recruitment and, even, community exhortation to open children's accounts and begin saving. As described by Elliott (2015), parents in Prosperity Kids are already coalescing as a cohort of college savers, a development with potentially important effects on savings experiences.

While most CSA programs have objectives related to the development of financial capability and include some intentional financial education in order to transmit necessary knowledge, Prosperity Kids' model emphasizes financial education to a greater extent than many other CSA initiatives. Prosperity Kids' approach is also somewhat distinct, in that parents—not child account beneficiaries—are the intended targets of the financial education. It is parents who are required to attend the initial Prosperity Kids orientation and the subsequent financial education sessions. Rather than try to encourage children's savings activity with age-appropriate financial education, Prosperity Kids relies on parents as first teachers and capitalizes on Prosperity Kids' two-generation structure. Financial education aims to equip parents with the tools to facilitate their success in Prosperity Kids—budgeting in order to save, understanding the financial system—as the foundation for families' overall prosperity. This financial capability objective requires brokered access to financial opportunities, a demand with implications for the financial institution that manages the CSA in partnership with Prosperity Works.

At the conclusion of financial trainings, families who elect to open accounts through Prosperity Kids complete necessary account paperwork with the assistance of the Abriendo Puertas peer educators. Credit union staff then processes this paperwork. Prosperity Kids' model requires parents to come into a credit union branch to make deposits, a feature that simultaneously poses some barrier to families' regular account activity while also potentially increasing familiarity with the financial institution and the process of banking. Importantly, as is common with financial products designed for the largely unbanked, Prosperity

Kids accounts are fairly high-maintenance for credit union staff, who have to answer questions about how banking works and build trust between community members and mainstream financial institutions, in addition to navigating the particular features of the accounts.

All Prosperity Kids children's accounts are seeded with $100. Families can receive matches for up to $200 per year of their own deposits into these accounts for up to 10 years, as well as up to $100 per year in incentives tied to parents' completion of particular activities that support healthy outcomes for their children, such as reduced student absenteeism or participation in parent/teacher conferences. Reflective of Prosperity Kids' community-based design and operation, the criteria for earning these incentives and their specific monetary value are to be decided each year by the community leaders who recruit accountholders and encourage engagement.

Children's Prosperity Kids accounts are custodial, held by nonprofit Prosperity Works. If not used prior for postsecondary education, children may withdraw the funds at age 23 to use for a 'stable transition to adulthood', to include homeownership, entrepreneurship, or other investment. However, parents solely own the funds in their Emergency Savings accounts, seeded with $10 initial deposits. The Prosperity Kids intervention also leverages other resources to support families, including legal assistance and access to an immigrant loan fund and a secured credit card (Porter, 2015). Prosperity Kids was designed specifically for the low-income, largely Latino immigrant community it serves. As such, the design allows multiple children's accounts within a single family, as staff and early stakeholders predicted that the target population might have resisted an intervention that provided opportunities for only one of their children, as in a CSA enrolling children only from one grade cohort, for example.

Table 1. Prosperity Kids at a Glance[2]

Program Elements	**Funding**	**Administration**
• Comprehensive, evidence-based curriculum (10 two-hour sessions) on child development, health, academic preparation, and families' rights • Financial capability training for parents • Custodial children's accounts, seeded with $100 • Emergency savings accounts for adults, seeded with $10 • Matches for family savings up to $200/year for 10 years • Incentive payments for families' completion of specific activities associated with children's success • Allowable uses that include not only postsecondary education but also, at age 23, investments in a transition to stable adulthood, including entrepreneurship, homeownership, and/or retirement savings	• Grant funding from Kellogg Foundation • $25,000 from City of Albuquerque • In-kind support from Prosperity Works, Partnership for Community Action, and other partners	• Account administration by local credit union (creation of account type, account opening, tracking of deposits for match) • Custodianship by Prosperity Works, including maintenance of the account from which incentives, matches, and seeds are drawn • Statements issued by Prosperity Works, pursuant to receiving financial data from the credit union

[2] For a more detailed description of Prosperity Kids' origins, structure, and goals, see Elliott, 2015.

Review of Research: College Saving by the Financially Marginalized

While knowledge regarding Latinos' financial practices is sparse compared to that of other populations, a review of the existing research places the savings outcomes realized by Prosperity Kids, discussed below, into context. Here, we consider the evidence regarding saving by Latino and immigrant households, the target population for Prosperity Kids and the families whose saving and asset accumulation are analyzed in this report. We also consider saving within other Children's Savings Account initiatives in order to better understand the contributions of the Prosperity Kids model.

Latino College Saving

While national data suggest that a higher proportion of Latino (47%) than white households have a plan for paying for college, Latino college savers report the lowest amount saved of any subpopulation, depositing $1,666 last year, for a total accumulation of $4,314 (Sallie Mae, 2015). Latinos also hold the largest percentage of their 'college' saving in general savings accounts (26%) of any demographic (Sallie Mae, 2015), raising questions about the extent to which these amounts truly reflect assets dedicated for college. Those Latino families that are saving for college seem to start relatively early; 61% have begun saving for college by the time their child turns five, higher than whites (57%) (Sallie Mae, 2015). Latinos' college savings decisions and behaviors may be shaped by the influences of their friends and family, on whom Latinos heavily rely for college financing information (Sallie Mae, 2015).

Latinos and Financial Inclusion

Beyond college saving, Latinos experience general financial disadvantages. Some research finds that as many as 40% of Latinos lack a savings account (Inter-American Development Bank, 2006). However, this does not mean that they do not save; indeed, research with unbanked Latinos in California found that 60% of those without a savings account still regularly put aside money in another venue (NCLR, 2013). Still, financial inclusion may have significant implications for financial well-being, including consumption, financial security, and asset building (Cull, Ehrbeck, & Holle, 2014). There is evidence that Latinos are not only more likely to be unbanked and underbanked than non-Hispanic whites, but also that some of these measures may be worsening. For example, 17.9% of Latinos were unbanked in 2013, more than twice the national average, with an even larger percentage of Latinos underbanked, lacking adequate access to financial products and services (Valenti, 2014).

Complicating consideration of national datasets, Latinos' immigration and nativity status have significant effects on financial outcomes. Latino immigrants are significantly more likely than other populations to be unbanked (de Rubio, 2013), a reality that can hinder achievement of financial security. In 2015, 33% of Latino non-citizens, compared to 18% of Latino citizens, report lacking a bank account (NCLR, 2015). While many Latinos save outside formal financial institutions, similar patterns of disadvantage by immigration status persist in other financial outcomes, as well. For example, almost a quarter (24%) of Latino non-citizens report not saving money at all, compared to only 14% of Latino citizens (NCLR, 2015). While those who have secured lawful immigration status have significantly higher rates of account and financial asset ownership than those who are undocumented, these measures of financial well-being still lag behind those of Latino citizens (McConnell, 2015). The immigration status of Prosperity Kids' participants is not collected as part of the demographic data. However, program staffs' familiarity with many participating families, the number of families with accounts for whom English is not their first language, and demographics of the surrounding community suggests that many Prosperity Kids accountholders are immigrants, a characteristic that may influence their financial capability and savings experiences.

For Latino citizens and immigrants, factors such as socioeconomic status, age, education, and income (ASOC, 2014; Chatterjee & Zahirovic-Herbert, 2012; McConnell, 2015) influence participation in the mainstream U.S. financial system. For Latino immigrants, these interactions are further complicated by characteristics unique to the immigrant experience, including length of residence in the U.S, country of origin, immigration status, language barriers, and financial attachments to the country of origin, such as the need to send remittances to family members (Chatterjee & Zahirovic-Herbert, 2012). Regardless of nativity, Latinos who lack English proficiency may experience language barriers that separate them from financial institutions (Chatterjee & Zahirovic-Herbert, 2012; Perry, 2008; Young, Shinnar, & Seonghee, 2009). Products and services offered by financial institutions also influence whether Latino immigrants engage in the financial mainstream (Chatterjee & Zahirovic-Herbert, 2012) and what type of institution they select. According to a survey by the ASOC (2014), for Latino immigrants, both banked and unbanked, the most important factors for selecting a local financial institution include both those fairly universal—distance from home or work, number of branches or ATMs, account fees and minimum balance requirements—as well as ability to communicate in one's native language, a particular concern for non-native English speakers. Many studies also note lack of information as a barrier to participation in the financial mainstream for both Latino citizens and immigrants (ASOC, 2014; Fisher & Hsu, 2012). Rather than turning to a financial institution, Latinos are likely to turn to friends or family members for financial information, likely based in part on collectivist values, but also because of language barriers, high costs of financial planning services, and uncertainty about how to access formal sources of information (ASOC, 2014; de Rubio, 2013; McConnell, 2015). Informal sources of knowledge can fail to provide sufficient advice for maximization of earnings and can also be limited or inaccurate, leaving families vulnerable to predatory financial practices and economic insecurity (ASOC, 2014).

Saving and Asset Accumulation in Children's Savings Account Programs

Prosperity Kids' CSA design works through a community partnership to recruit interested families, engage them as college savers, and surround them with savings support. Evident disadvantages notwithstanding, then, Prosperity Kids accountholders are a select group. As such, savings outcomes can only be cautiously considered alongside CSAs delivered automatically to the entire population or even those that have enlisted much larger percentages of a target community. However, as CSAs seek to influence savings patterns, alter the institutions through which families save for college, and catalyze more equitable educational attainment, understanding the experiences of different CSA models in eliciting household saving can still be instructive. This might even be more so in the case of Prosperity Kids, given that it is one of the few CSA programs where research is being conducted that is focused on Latino immigrants.

While fewer families are participating in Prosperity Kids than in universal programs such as San Francisco's Kindergarten-to-College or Maine's Harold Alfond College Challenge, as measured by account initiation, opening the Children's Savings Account only opens the door to other outcomes. Certainly, CSA account ownership can be transformative even absent significant household saving (see Beverly, Clancy, & Sherraden, 2016; Elliott, 2013; Huang, Sherraden, & Purnell, 2014); indeed, much of the momentum in the CSA field can be traced to policymaker and practitioner enthusiasm about 'small-dollar effects' (Elliott, 2013). Still, metrics related to saving, including deposit frequency and size and total asset accumulation, are also important components of CSA interventions. For example, overall, 57% of the 1,300 participants in the national Savings for Education, Entrepreneurship, and Downpayment (SEED) CSA demonstration saved their own funds (Mason, et al., 2010). As in Prosperity Kids, SEED participants self-selected into these programs, which were mostly relatively small-scale, community-based projects, enrolling between 67-82 accountholders (Sherraden & Stevens, 2010); in many cases, families received considerable support and encouragement toward their savings goals. In Michigan's iteration of SEED, 31% of the 495 participants made deposits (Loke, Clancy, & Zager, 2009). SEED for Oklahoma Kids, initiated as a policy demonstration within the larger SEED initiative, uses random assignment and probability sampling from a full state population (Clancy, Beverly, Sherraden, & Huang, 2016). Although parents in the treatment group are automatically enrolled in the state 529 plan and granted a $1,000 initial deposit, families cannot make their own deposits without completing the paperwork to open a separate, 'parent-owned' account. After about seven years of enrollment, eight percent of parents whose children received the SEED for Oklahoma Kids intervention had opened a parent-owned OK 529 college savings account and made at least one deposit, a figure statistically greater than the control group (Clancy, Beverly, & Sherraden, 2016; Clancy, Beverly, Sherraden, & Huang, 2016).

While, as discussed below, many factors help to predict savings, the small deposits realized by many CSA savers are likely due in large part to low incomes that leave few resources to dedicate to long-term asset accumulation. Compared to other savings vehicles, CSA programs serve a higher percentage of lower-income families, and this population faces considerable savings obstacles, as detailed in Sallie Mae's survey of American households' college saving (2015), where 65% of low-income families reported that inadequate income is a barrier to saving for college. Additionally, measures of household saving should be considered in light of the savings capacity of particular populations. In light of this, a review of administrative savings data from different incentivized savings initiatives underscores that the poor can save. In Michigan's SEED program, for example, average quarterly net savings were $19 (Loke, Clancy, & Zager, 2009). Median quarterly savings in SEED, nationally, were $7, with an average net quarterly contribution of $30 per participant (Mason, et al., 2010). Average quarterly savings in SEED grew as enrollment tenure lengthened, but at a declining rate of growth over time (Mason, et al., 2009), suggesting that savings outcomes are dynamic, even within a given program model. While the SEED demonstration spanned the period of the Great Recession, which brought nearly unprecedented economic difficulty to families throughout the nation, the financial challenges faced by families in Prosperity Kids may be comparable.

Significantly, these savings can contribute to more substantial asset holdings over time, particularly when augmented by robust and progressive incentives. Even considering only savers' own deposits, the long tenures of account ownership in some CSA programs can still facilitate larger balances. For example, in SEED OK, average savings in parent-opened accounts for treatment children are $261 (Beverly, Clancy, Huang, & Sherraden, 2015) over seven years of the CSA intervention. As in other wealth-building systems, however, asset accumulation in Children's Savings Accounts does not hinge entirely—or, in some cases, even primarily—on families' own savings effort. Instead, initial seed deposits, savings matches, and investment earnings can contribute substantially to total asset ownership. Perhaps the most compelling example of this asset accumulation potential is the SEED OK social experiment, where the average value of Oklahoma 529 assets held by children in the treatment group is $1,851--$1,000 of which comes from the $1,000 automatic initial seed (Beverly, Clancy, Huang, & Sherraden, 2015). Accumulation outcomes from other children's savings interventions similarly underscore the significance of using levers other than family savings to catalyze asset building; in Michigan's SEED program, initial program deposits accounted for 53% of total asset accumulation, with matches and earnings further amplifying family saving (Loke, Clancy, & Zager, 2009). Median accumulation across the SEED sites was $1,093, with initial program seed deposits accounting for approximately 50% of this figure (Mason, et al., 2009).

Factors that Predict Savings Patterns

While neoclassical savings theories emphasize the importance of income in predicting saving and asset accumulation, other research, including much from the field of asset building for low-income Americans, has found income less determinant of these outcomes (see Curley, Ssewamala, & Sherraden, 2005). While, certainly, insufficient income is a real constraint on many families' savings, the literature points to other factors, more amenable to manipulation through CSA design, that also influence whether or not people save. These include information and knowledge about how to save (Lusardi, 2003) and institutional features (Han & Sherraden, 2007) such as restricted access to account balances (Curley, Ssewamala, & Sherraden, 2005) and subsidies, including savings matches (Mason, et al., 2009). Consistent with other findings that information matters for saving (Lusardi, 2008), understanding the features of the Children's

Savings Account program may contribute to savings engagement (Nam, Hole, Sherraden, & Clancy, 2014). This includes comprehending and being able to navigate rules regarding account ownership and available incentives and may also require at least some level of comfort with the financial instrument, as well. Therefore, outreach and communication efforts may be particularly salient determinants of savings outcomes. In SEED OK, those who understood that the program did not require an initial household deposit were significantly more likely to take up an account (27% versus 11%) and also had larger balances ($132, compared to $120) (Nam, Hole, Sherraden, & Clancy, 2014).

While CSAs work to counter systematic disadvantages in the financial system, particularly for those with low incomes and people of color, they are not immune to racial and other disparities in savings outcomes. In SEED, Latinos, Native Americans, and African Americans had smaller deposits and less accumulation than Asian or White accountholders (Mason, et al., 2009). Those with college degrees also saved more, while not married parents saved less (Mason, et al., 2010). Other evaluation has similarly found that higher savers in incentivized programs were Caucasian, more highly-educated, and homeowners (Grinstein-Weiss, Wagner, & Ssemawala, 2006). In SEED OK, children whose mothers are older and more educated are more likely to open their own account for college saving and have larger deposits (Nam, Hole, Sherraden, & Clancy, 2014), while larger household sizes are associated with reduced saving (Nam, et al., 2013).

Barriers and Strategies

Quantitative and qualitative research has contributed to knowledge regarding savings barriers families face and strategies used to overcome obstacles. Interviews with mothers whose children have SEED OK accounts reveal widespread financial constraints, with inadequate income and high debt obligations constraining saving (Gray, et al., 2012). Information gaps, confusion about account features and rules, and language barriers (Gray, et al., 2012) also make it difficult for some parents to navigate savings opportunities, even those that feature supportive elements, such as CSAs. While mothers in SEED OK report a strong desire to save and to qualify for the match, often, all income goes to essentials, hindering deposits (Gray, et al., 2012). Other CSA evaluation has identified poverty, housing costs, and social network demands as among the barriers that can interfere with saving (Beverly & Barton, 2006).

CSA strategies, including many utilized by Prosperity Kids, seek to help households overcome these barriers. Financial incentives are critical (Clancy, Johnson, & Schreiner, 2001; McKernan, et al., 2007; Schreiner & Sherraden, 2007) and can exert differential effects on discrete savings outcomes. Evidence from SEED reveals that savings matches serve as significant motivators for household savings, while initial seed deposits fuel overall asset accumulation (Mason, et al., 2009). Specifically, the match rate appears to increase account opening, although there are mixed effects on savings amounts, while increasing the amount of savings subject to the match (the match cap) has been found to increase deposits (Nam, et al., 2013). Other institutional features CSA program participants see as valuable aids to their saving include direct deposit (Scanlon, Buford, & Dawn, 2009) and restrictions on withdrawals (Wheeler-Brooks & Scanlon, 2009). Some research has found that financial education within incentivized savings programs is associated with increased monthly savings, greater savings effort (as measured by percent of income saved), and more frequent deposits (Grinstein-Weiss, et al., 2015). Significantly, however, SEED OK found that overall financial knowledge was only positively related to account ownership in the treatment group offered incentives and support for account opening (Huang, Nam, & Sherraden, 2013), suggesting that access as well as information is required for improving savings outcomes. Prosperity Kids' approach combines these financial capability mechanisms, emphasizing financial literacy by requiring that parents participate in a substantial financial education program and accompanying this education with the opportunity to open the Prosperity Kids account.

Research Questions

In this study we utilize administrative savings data to examine the following questions:

- What savings patterns (deposit frequency, amount) are demonstrated by Prosperity Kids participants?
- What is the total value of Prosperity Kids accounts?
- How is this total value achieved (i.e., with incentives, match, family contributions)?

We use in-depth interviews designed with an Identity-Based Motivation framework (see Oyserman, 2007; Oyserman, 2013; Oyserman, 2015; Oyserman & Destin, 2010) to better understand the savings behaviors of participants and their experiences with the Prosperity Kids CSA program. These interviews explored such questions as:

- How do parents experience the features of Prosperity Kids as influencing their college saving? For those who have become savers, what Prosperity Kids features activate this activity?
- What strategies do parents employ to help them save?
- What barriers impede families' college saving?
- How do parents interact with their children around saving, and how does this financial socialization influence savings outcomes?

Chapter 1: Quantitative Methods and Results

Methods

Savings. Prosperity Works collaborates with the participating credit union to administer the Prosperity Kids savings accounts. The initial seed money and subsequent match are deposited by Prosperity Works. Families contribute by making deposits directly into the savings account. The credit union provides quarterly reports to Prosperity Works, which then determines the amount of match funds to be transferred to each account and sends the detailed match request back to the credit union. The updated credit union reports are then linked back to Prosperity Works' administrative records, resulting in a complete report of deposit amount by type (i.e., seed, match, or family contribution), deposit totals for the life of the account, and deposit totals by quarter.

Demographics. Prosperity Works maintains an enrollment roster with basic demographic information including accountholder race/ethnicity; relationship of the accountholder to the child (i.e., mother, father, or grandparent); age and school status at enrollment, and name of school, if applicable. Also included are the dates the primary (children's) and emergency accounts (if applicable) were established. Upon receipt of the savings data from the credit union, these are merged by Prosperity Works staff using the child's Prosperity Kids unique identification number. Data on gender, English Language Learner (ELL), Free/Reduced Lunch, and Special Education (SPED) status for the 2015-2016 school year were obtained from the Albuquerque Public School district for the subsample of 298 children attending an APS school. These data were not available for children who were not yet attending school or who attended private schools.

Results

Sample. Data for this study represent enrollees and account activity from the onset of the Prosperity Kids program in May 2014 through December 31, 2015. After merging the enrollment roster (N=495) and the savings report (N=495), two erroneous cases were removed from the sample (N=493).
Table 2 displays enrollment characteristics for the entire sample and broken down by savers and non-savers (those families that opened a Prosperity Kids account but made no additional contributions). Children were enrolled in Prosperity Kids as young as 2 months of age and as old as 12 years, with an average age at enrollment of 6.7 years and little difference between savers and non-savers. This age distribution is also reflected in grade at enrollment, with just over two-thirds of children enrolled before starting Kindergarten/elementary school. However, savers did differ from non-savers in tenure of account ownership, with an average length of enrollment of 13 months compared to 7 months for non-savers (and 9 months for the sample overall). And while enrollment occurred consistently throughout the year, as evidenced by the even distribution of "time enrolled" at the bottom of Table 2, it appears that more recent enrollees were less likely to be savers (5%) versus to non-savers (27%).

Table 3 summarizes demographic data for the subset of 298 children attending Albuquerque Public Schools, also broken down by savers and non-savers. All but one of the children with accounts are Hispanic, and among the subset of 298 children for whom APS data were available, slightly greater than one-half were male (54%), 57% were English Language Learners (ELL), 84% qualified for Free/Reduced Lunch, and 11% received some special education services. These values did not vary substantially when comparing savers to non-savers (see Table 3).

Table 2. Enrollment Characteristics for Prosperity Kids All Accountholders, Savers, and Non-Savers (through December 31, 2015). N = 493.

	Total Sample N = 493	**Savers* n=143** 29%**	**Non-Savers n=349 71%**
Average Age in Years at enrollment	6.7 yrs (range .2 to 12.0)	7 yrs (range .2 to 12.0)	6.5 yrs (range .2 to 12.0)
Grade at Enrollment			
K	10%	10%	10%
1st	10%	9%	11%
2nd	13%	14%	12%
3rd	8%	7%	9%
4th	11%	13%	10%
5th	7%	9%	6%
PreK, Headstart, EvenStart, PreSchool	16%	20%	14%
Not in School	22%	16%	24%
Average Months Enrolled	9	13	7
Time Enrolled			
Less than 1 month	21%	5%	27%
1 to 6 months	20%	16%	22%
7 to 12 months	31%	29%	31%
13 or more months	28%	51%	19%

Note. Source of all data is Prosperity Kids Administrative records; savings data through 12/31/15.
*Savers defined as accounts with at least one contribution after the initial seed deposit. The value does not include match or seed.
**Excludes one outlier case with $1,400

Table 3. Demographic Characteristics for Prosperity Kids attending APS Schools during 2015-2016 school year. All Accountholders, Savers, and Non-Savers. N = 298.

	Total Sample N = 298	**Savers* n=91** 31%**	**Non-Savers n=206 69%**
Male	46%	44%	47%
Race/Ethnicity			
Hispanic	99.7%	98.9%	100%
White	0.3%	1.1%	0%
English Language Learner	57%	54%	59%
Special Education	11%	12%	10%
Free/Reduced Lunch	84%	87%	82%

Note. Source of all data is Albuquerque Public School District Administrative records; savings data through 12/31/15.
*Savers defined as accounts with at least one contribution after the initial seed deposit. The value does not include match or seed.

Table 4. Savings Summary for Prosperity Kids All Accountholders (through December 31, 2015). N = 493.

	Total Sample N = 493	Savers* n=143** 29%
Total Value of Account	Mean $188; Median $100; Range $100-$1,700	Mean $394; Median $345; Range $115-$1,040
Total Value of Account minus $100 Seed	Mean $88; Median $0; Range $0-$1,600	Mean $294; Median $245; Range $15-$940
Total Lifetime Match	Mean $40; Median $0; Range $0-$400	Mean $139; Median $124; Range $5-$400
Total Family Contribution among All Account Holders (no seed or match)	Mean $47; Median $0 Mode $0 Range $0-$1,400	Mean $155 Median $123 Mode $200 Range $10-$740
Total Family Contribution Grouped		
$0	71%	0%
$1-$50	6%	21%
$51-$100	7%	25%
$101-$200	8%	28%
$201+	8%	26%
Percent with Emergency Account	12%	23%
Family Contribution by Months Enrolled		
1 to 6 months	Mean $22; Median $0; Range $0-$300	Mean $151; Median $200; Range $20-$300
7 to 12 months	Mean $43; Median $0; Range $0-$740	Mean $163; Median $132; Range $10-$740
13 or more months	Mean $79; Median $10; Range $0-$407	Mean $152; Median $100; Range $10-$407

Note. Source of all data is Prosperity Kids Administrative records; savings data through 12/31/15.
*Savers defined as accounts with at least one contribution after the initial seed deposit. The value does not include match or seed.
**Excludes one outlier case with $1,400

Table 4 shows lifetime savings data for the entire sample and for savers only. For the entire sample of 493 children, total account values (including seed and match) ranged from $100 to $1,700 (mean = $189; median $100). Total family contributions alone (not counting seed or match) ranged from $0 to $1,400 with 29% of families making at least one contribution after the initial seed deposit. Examination of the distribution of total family savings among savers only (n=144) revealed that over one-half of the families (54%) contributed more than $100. Only one family's deposits exceeded $740. Thus, the one case with $1,400 total in family contributions was treated as an outlier and removed from subsequent savings analyses for a final subsample of n=143 saving families.

Overall, the median total family contribution for this group of savers was $123 with a low of $10 and a high of $740. These families, on average, received $139 in match (ranging from $5 to $400; median $124). Together with the seed deposit, the median total account value for savers was $345 (with mean of $394 and a range of $115 to $1,040). Finally, 23% of savers compared to 7% of non-savers had an emergency savings account through the Prosperity Kids program (data for non-savers not shown in table).

Chapter 2: Qualitative Methods and Results

Methods

AEDI staff and graduate research assistants used structured interview guides to collect qualitative data in person from 32 caregivers and 18 children with a Prosperity Kids Children's Savings Account. Interviews were audio-recorded with participants' permission. Interviews with caregivers generally lasted between 30 and 60 minutes. Interviews with children generally lasted 30 minutes or less. Interviews were conducted in Spanish, when appropriate, by bilingual interviewers from the University of New Mexico or Prosperity Works. Two caregivers were sampled incorrectly and two caregiver interviews with faulty audio recordings were eliminated prior to analysis, leaving 28 caregiver and 18 child interviews for analysis. A contracted transcription company transcribed all interviews. Interviews in Spanish were translated into English before they were transcribed. Transcripts were loaded into Dedoose for analysis and separated into two projects for analysis.[3] For analysis, findings were categorized in matrices according to relevant themes, including savings obstacles encountered, strategies used to overcome these challenges, evidence of emerging college-saver identities—examination of which was informed by the theoretical foundation outlining the dimensions of Identity-Based Motivation (Oyserman, 2007; Oyserman, 2013; Oyserman, 2015; Oyserman & Destin, 2010) and the literature applying these constructs to Children's Savings Accounts (see, for example, Elliott, 2013a; also Elliott, 2015)—and parents' approaches to children's financial socialization. These matrices were reviewed to identify outlying or contradictory findings and synthesize results, in an iterative process of constant comparative analysis, as described by Padgett (2008).

Limitations

Given challenges related to language and distance barriers, the qualitative sample was drawn from families who volunteered to be interviewed and with whom Prosperity Works was subsequently able to schedule interviews. As such, it is unsurprising and nonetheless limiting that parents interviewed are more active savers than the rest of the Prosperity Kids participant pool. This potential selection bias, of course, is in addition to the self-selection by which families become Prosperity Kids participants initially, making these families an admittedly unrepresentative sample of the larger population of Latino households in New Mexico, even if their demographics still suggest considerable savings disadvantages.

Sample

All interviewed caregivers were mothers of enrolled children. Most were married (79%) with an average age of 37 years (ranging from 24 to 57 years). Most mothers (93%) reported Spanish as the primary language spoken at home. While more than one-half of mothers reported high school education or less with one-third of these reporting a GED as highest level of education, one-fifth had completed a 4-year college degree. As shown in Table 5, interviewed caregivers are financially disadvantaged, with the majority reporting average household incomes of $25,000 or less and 87% receiving Food Stamps and/or TANF. The majority of mothers were employed in non-professional industries such as housekeeping, childcare, and retail/food services. Most reported some difficulty with paying bills each month. Nearly one-fifth found it very or extremely difficult to meet their financial obligations.

The sample of 28 interviewed caregivers represents 50 children with Prosperity Kids accounts. Among these, 36 (72%) of the child accounts are designated as "savers", having received family deposits in addition to the initial seed or match.

[3] For more details on the qualitative analysis methods employed, see Elliott, 2015, Appendix A.

Table 5. Economic Status. Prosperity Kids Caregiver Interviews (N=28)

Average Household Income	**%**
0-15,000	29
15001-25000	39
25001-35000	14
35001-45000	11
Over 45000	7
Sources of Income	
Social Security	7
TANF	27
Earned Income Tax	7
Workers Comp	7
Food Stamp	60
SSI	13
Child Support	13
Unemployment/Veteran's Benefit/Housing Assistance	0
Employment	
Full-time	21
Part-Time	43
Full-time homemaker	32
Employment Type	
Retail	12
Food service	6
Clerical	6
Maid/Clean	35
Professional	18
Childcare	18
Difficulty Paying Bills	
Not difficult at all	18
Slightly difficult	32
Somewhat difficult	32
Very difficult	11
Extremely difficult	7

Although the children represented by the interviewed caregivers did not differ in age and grade at enrollment from children in the aggregate sample (data not shown in table), they did differ somewhat with regard to overall savings. Comparing the last two columns in Table 6, we see that median total account value for savers in the qualitative sample is $155 more than the median total account value for savers in the aggregate sample. Similarly, median family contribution (not including external seed or match) is greater among savers interviewed ($200) compared to savers overall ($123). This likely reflects motivation and engagement with Prosperity Kids, which similarly shaped self-selection for participation in the interviews.

Table 6. Savings Summary for Prosperity Kids Accountholders (May 2014 - December 2015).

	Total Qualitative Sample N = 50	**Qualitative Sample (Savers Only)* n = 36**	**Aggregate Sample (Savers Only)* n = 143****
Total Value of Account	Mean $372; Median $300; Range $100-$925	Mean $478; Median $500; Range $140-$925	Mean $394; Median $345; Range $115-$1040
Total Lifetime Match	Mean $129; Median $100; Range $0-$525	Mean $180; Median $200; Range $20-$400	Mean $139; Median $124; Range $5-$400
Total Family Contribution among All Account Holders (no seed or match)	Mean $142; Median $100 Mode $0 Range $0-$525	Mean $198 Median $200 Mode $100 Range $20-$525	Mean $155 Median $123 Mode $200 Range $10-$740
Percent with Emergency Account	26%	30%	23%

Note. Source of all data is Prosperity Kids Administrative records; savings data through 12/31/15.
*Savers defined as accounts with at least one contribution after the initial seed deposit. The value does not include match or seed.

Results

Illustrative of the financial positions of these households is Emilia, age 38, who earns less than $15,000 per year. She answers a question about the obstacles she experiences in saving with a list: *"enrollment fee, supplies, uniforms, because the uniforms years don't fit anymore…and that's when we have zero money and no, we can't save…Unanticipated expenses, yes. The car needs tuning, or an oil change, or a flat tire, whatever."* When one lives close to the margin, anything can send a family over the financial brink. As Angelina, age 48 and earning between $35,001 and $45,000 per year, describes, "*As I told you, here one lives by the day. Paying rent, bills, food, things that you need. But also one... I think, well I have my car, and if it breaks down, and I have nothing?"* Despite experiencing interruptions in and depression of their saving performance, however, parents in Prosperity Kids evidence commitment to saving and developing saver identities, as seen through the lens of Identity-Based Motivation (IBM) theory (see Oyserman, 2007; Oyserman & Destin, 2010; also Elliott, 2015). Identity-Based Motivation has three principal components: salience, normalization of difficulty, and group congruence. In the CSA context, the first two relate to the development of college-saver identities (first, bringing college saving to the front of individuals' mind and framing it as something warranting immediate action, and, second, making the task of college saving seem like a surmountable, if still difficult, objective) and the final to individuals' likelihood of acting on these emerging identities.[4] Here, then, analysis considers parents' statements in light of the dimensions of IBM, applied to college saving, as a window through which to better understand the ways in which the Prosperity Kids CSA shapes families' savings outcomes.

<u>Salience</u>

This study provides some evidence that Prosperity Kids may be making college saving a salient financial objective, something worth striving for, starting today. As Luz, age 41 and earning less than $15,000 annually, underscores, *"in a way we would never have thought of forcing ourselves to open an account,"* without Prosperity Kids. Maria, age 30 and with two children in elementary school, reiterates that, *"without the program I really wouldn't have thought about saving for college, for them."* Sofia is 34 and earns more

[4] For more discussion of the application of IBM to CSAs, see Rauscher, et al., 2016.

than $45,000 per year, the highest bracket in the study. She has deposited $80 in each of her two children's accounts and says that *"before, I really didn't think about saving."*

Critically, this orientation to saving, bringing it 'front of mind', is seen even among parents who have not coalesced around college as the salient savings objective. Instead, the financial education, account vehicle, and incentives provided through Prosperity Kids make saving an urgent priority, even if college is not the explicit goal. Angelina, for example, describes saving as a hedge against the uncertainties experience has taught her to expect, and these are lessons she is passing onto her children, as well.

> *As they say; it is true, we always have to have some extra money saved. Always, as much as you can. I tell them; yes. Because we have not planned for the car to break down, and it did. So, the money has to come from what we had saved. That is why I always tell them that saving money is the best thing you can do. Because things will come up, things you didn't have planned happen, and they do happen. And if you don't have anything; what are you going to do?...So, we have to be prepared for everything.*

Marta, too, simultaneously denies that Prosperity Kids has changed her attitude about education while affirming its influence on her savings orientation.

> *I don't think it's changed how I feel about education. It's changed how I feel about saving…It's changed how I – how it's helped me focus on that and the importance of it and not forgetting. Even money that I would get for his birthday I'm always thinking of that account to pay. So, this needs to go to that account and it needs to be for his education. I have to put a little more on it.*

<u>Normalization of difficulty</u>
Salience is not the only aspect of Identity-Based Motivation evidenced by mothers interviewed. Additionally, supportive features of the Prosperity Kids program, including the initial seed, withdrawal restrictions, and match incentives, may help to make saving seem like a manageable, albeit still difficult, objective. Susana is 33 and has a household income between $35,001 and $45,000 per year. She describes saving as, *"something important or…You can't save on your own…I mean…It is difficult,"* yet the $400 she has saved in her two children's accounts show how saving can happen in a CSA despite obstacles. For Susana, Prosperity Kids has normalized the difficulty of college saving and, in the process, spurred action consistent with actually moving in the direction of goal attainment. Amalia has a kindergartener and a household income between $15,001 and $25,000 per year. She elaborates on this view of difficulty as normal. *"I mean that we can actually save. I mean, it's not as sometimes that you just want but sometimes, "if there is a will, there is a way," as they said, "you can do it, if you want your kids…you can save." I mean, like the motivation caught my attention like, "yes, it is possible."* Sara, age 28, has an annual income between $25,001 and $35,000 and has saved $75 in each of her three children's accounts. She attributes her motivation to her realization of the challenges inherent in saving for college. Rather than being dissuaded by this bleak reality, she has seized the opportunity presented by Prosperity Kids. "*My children, when they grow up, I might not have enough money to pay for the university. I guess it is very expensive. And I know that this will help them."* The CSA match seems particularly potent in helping her to confront this difficulty. *"…If I put money, they will double it. They are helping with more money."* Asked directly whether she sees Prosperity Kids as helping her to overcome the obstacles she will face in helping her children attain a college education, Sara responds affirmatively. She then expands, *"Well, the first thing is that they are helping us with money. And also when... Sometimes they give us information when we go to the meetings. They tell us what we can do..."* Emilia's discussion of the match also evidences normalization of difficulty. *"I also liked that they* [Prosperity Kids] *also put another amount, so that helps a lot, that's a big help, so it's not only what you give, but what they contribute."* Prosperity Kids' message that saving in

any amount can be valuable seems to resonate with these parents, thereby encouraging even modest deposits and making the prospect of saving less daunting. Angelina describes this mentality:

> *We have to encourage ourselves and continue. And to motivate ourselves to do our best. Of course, we have our expenses; we have to pay bills. Because one lives by the day, by the day. But it is something that motivates you. You think; wow, if I can save twenty monthly, I can save five a week. Just one day that I don't take her to McDonalds to eat, I can save those five dollars. So, that is a huge motivation they have given us. And we have to motivate ourselves as well to be able to do it.*

Amalia describes how she, in turn, passes this lesson onto her own son:

> *Sometimes he puts a dollar or like that, I say "well when you gather like" – because in the program they said "it doesn't matter if it's just a dollar or two dollars, it doesn't matter"…What matters is that the boy learns to save too and that he goes himself and takes the piggy there and says "I came to deposit this."*

Even Rosalia, 29, who has not yet deposited in her child's Prosperity Kids account from her annual income of less than $15,000, seems to see the CSA as an aid in the objective of college saving. *"They are motivating us…since the kids are young, at least we are moving on the road ahead to make the load a little bit lighter…so we can have the money to pay for the expenses, the money for the university."* This belief in a Children's Savings Account as representing potential future saving is consistent with literature which suggests that self-predictions based on intentions can also influence one's present state (see Koehler & Poon, 2006). For these low-income families, who may not always be able to realize their savings goals, such aspirational saving may be particularly poignant.

<u>Group Congruence</u>
While parents in Prosperity Kids evidence developing identities as people who save for their futures, including within financial institutions, individuals do not act on all of the self-concepts they hold. These identities have to be activated within one's current context (Oyserman & Destin, 2010). Here, while there are many adverse forces that might prevent saving, parents are supported by a group identity that encourages their savings and provides motivation to apply their emerging financial competency. The structure of the Prosperity Kids program, where parents recruit each other and hold each other accountable for adhering to their savings goals, explicitly seeks to foster a shared commitment to saving through the provision of group financial instruction, lessons that build on Latino cultural values, and collective actions such as mass account opening. As a result, Maria is quick to assure the interviewer that she can always get needed information about Prosperity Kids, because, "*I have people I know that also get very involved in that…many times at my sons' schools there's a parent class and there we get together."* Rocio credits parents she knows with influencing her decision to open the account, and several parents describe their efforts to convince others to enroll. Prosperity Kids parents also appear to draw on their social networks to cultivate savings orientations among their children. For example, second-grade Ricky reports that his mother, Adriana, has exhorted him to *"save like your cousin, son,"* instructing him to emulate the frugality of a cousin who already *"has a pot almost filled with quarters."* This builds on Latinos' tendency to turn to family members or friends—rather than professionals—for financial information and on Latinos' strong collectivist values (McConnell, 2015; de Rubio, 2013). Prosperity Kids takes a family-centered approach, with evidence that parents and children reinforce each other's savings habits.

Saving on the Financial Margins—Strategies and Challenges

For many of the families interviewed, saving requires tremendous exertion. This context brings their savings outcomes into sharper relief. Here, analysis of these parents' descriptions of the barriers they face in their saving and the tactics they use to overcome those helps to explain what the quantitative data reveal: despite substantial challenges, families in Prosperity Kids are saving for college and to provide a stronger financial foundation for their families.

Ana is 35 and has a household income between $25,001 and $35,000 per year. Her description of her saving reflects both challenges and the commitment to overcome them, as observed in many Prosperity Kids parents.

> *Well right now...they* [her children] *also have the piggy full, they have them full. But there has been a time where we weren't able to...my husband had a burning and so it was harder to save, because it was all on that or in the house, what was needed but I do want to catch up, and every week whatever they gather in coins, whatever, but at least take something, I do want to be more frequent than before, because this year it was very floppy, it was very floppy and I want to catch up because I'm very interested in the accounts.*

Ana clearly struggles to save. She has not yet made a deposit into the credit union account and shares that her husband cannot work if it rains, which can put them behind in meeting their financial obligations. Nor is she alone in these travails. Maria's household earns between $25,0001 and $35,000 per year, but her husband—who is the primary wage-earner—lost his job, after a period of working for a company that was refusing to pay him. The family is only recently *"again getting back on track."* Roberta, age 42, earns between $15,001 and $25,000 per year. Her family lacks medical insurance, so she feels the need to save not only for college but also to have some cushion in the event of an emergency. Gabriela has not yet saved in her third-grade daughter's account, a struggle she attributes to her husband's sporadic work. *"When there is work... Right now it is slow. When there is work... Depends."* Certainly Prosperity Kids has not ameliorated the deleterious effects of economic insecurity on these families. Elizabet, age 51 and earning between $15,001 and $25,000 per year, explains: *"The program helps a lot but as I am telling you, we are always thinking, this money is for this and this is for that. And sometimes, not having money left is the reason for not saving money."* She later reiterates, *"The obstacle I find is that there is not enough money to cover all the necessities."* Prosperity Kids has, though, provided a conduit for college saving and a foundation of financial capability for many of participants. As Emilia describes, families learn ways to *"reorganize ourselves, to manage our money better"* in the financial education sessions. In the CSA, they have tangible opportunities to immediately apply this knowledge.

While their low incomes make saving difficult, mothers interviewed are candid about how they have learned to conserve resources in order to dedicate more to their children's accounts. Notably, approaches to save money by restricting spending are seen among households at each income level, likely because the entire sample is so low-income that all face savings struggles, different only by degree. Only three parents interviewed denied making changes in their families' finances in order to facilitate saving. More typical is Sandra, age 32, who has a household income between $15,001 and $25,000 per year. From these resources, she has saved $100 in her child's account, deposits she attributes to her improved financial practices. Explaining that she *"used to spend more money and now we are trying to invest it better,"* she cites a specific example. *"We used to eat outside every weekend…and now we eat but at home, we do like picnics outside."* She has redirected money that used to be spent on her car payment to saving and earmarks money her children receive in benefits for longer-term saving, attempting to live only from her wages. Daniela, age 27 and earning between $15,001 and $25,000 per year, is among the most successful savers in the sample, having already deposited almost $1,000 of her own money into her two children's accounts, for total accumulation of more than $1,600, including incentives. In addition to taking advantage of an opportunity to increase her hours at work in order to save more, Daniela details new habits informed by education received through Prosperity Kids:

> *Well now I make a shopping list. I didn't before. I used to bring money in the purse, and I'd just spend it in things that I didn't really need in the house you understand?...And whatever is left over instead of spending it I go to deposit it…And before we used to go to restaurants too often. And whatever it was we spent like $50 going out, minimum, and well we are 4. But now we are doing better, once bi-weekly, before it was 3 or 2 times…And then with the classes that I have at CNM, I'm also picking the nutrition class and I'm balancing more the food, junk food from other food…I say "No this is not useful, I won't buy this" And now there's no fries, no juices, more savings.*

Sara, age 28 and with an annual household income between $25,001 and $35,000, gives specific examples of how she has changed her habits to fuel her saving: *"...Stopped buying things that are not really necessary. Or maybe, not going out one day or if we are going somewhere we have to pay, it might be better to go to the park."* But the clearest evidence of Sara's new attitude to financial management is reflected in her paraphrase of the axiom 'pay yourself first' or, as she explains: *"Because before I saved if I had money left and now I do when the check is still complete. Before I thought if I have left but I never had any money left."*

Isabel is 35 and has a household income between $35,001 and $45,000 annually. She speaks at length about changes she and her husband have made to facilitate saving even though their income has not increased: depositing for their children's birthdays, instead of buying toys; limiting meals out; curtailing unnecessary expenditures for clothes. She draws a direct link between these changes and the financial education classes. It is not just the motivation to save for her children's education that has fueled her frugality, in other words, but the provision of actual tactics by which to do so.

> Isabel: *One of the classes that helped me a lot was, that I haven't carried it out 100%, but it was the economy class, yes in the [Abriendo Puertas] class there was a... where they tell us everything that we spend...I told my husband "You and I are going to sit, and we are going to check how much do we spend a month, and how much is left over to see what else we could save" more than the little thing that we are saving, but if we could do more...the same with my children. "Let's make a list of what you've got, what do you need, what you don't need, and whatever you don't need to spend it's going to the account."*
>
> Interviewer: *Okay very cool, so you could take more money to save from the same money that you had, it wasn't that you had to take another job or something?*
>
> Isabel: *No because we can reduce the expenses, of things that were not needed. Like they said, "If you have some pants, and you go to the store and want some pants, but you don't really need it, you are saving there those $25-30" and what could you do? Go and put them in the bank.*

Despite earning less than $25,000 per year, Susana has saved $200 in each of her two children's Prosperity Kids accounts, for a total balance of more than $1,000, including incentives. To facilitate this saving, she reports changing her household's finances, including *"things like thinking very well what you need to buy and the ones that are not so necessary. And checking which are the basic needs. And from there saving from the things you may not need to buy."*

Prosperity Kids has catalyzed sweeping changes in Angelina's finances. She has saved $235 for more than $570 in total accumulation, built on a system her daughter, a kindergartener, describes as comprised of different milk bottles used to allocate coins for different savings goals. Angelina explains how they have managed this:

> *And when we had those classes. We were able to save. I told him* [her older son]*, this week you are not eating out. We will find the way. We will make lunch home and you will take it with you. But you will not spend money. You have to spend as little as possible, so you can see how much you spend weekly just by eating out when there is no need for that…He also learned that if he found a penny, a dime, he should pick it up. They have piggy banks and there they deposit that change. They have... this class helped us a lot, not just him, but also my other children because even the little girl finds a penny and she won't leave it there. She picks it up and saves it on her piggy bank…We are planning vacations and they told us in that class, that we could plan vacations if we were able to manage our money and I am telling you, it has helped us. Because up to now is when we can go on vacations and each kid, after a year of saving, changed their piggy bank money and they just go WOW. It is true, we were making such a mistake when we saw change lying and we did not pay attention to it.*

Families' financial approaches are not always dramatic. Raquel, who has deposited $280 into her child's account from her income of between $15,001 and $25,000 per year, reports modest strategies—buying clothes off-season and taking in some alteration work—that, nonetheless, she credits with facilitating her saving. Sofia has similarly taken steps to scrape together savings, and she has also made saving a regular habit, in an effort to increase her accumulation.

> *So now at home what we do is collect all the coins and all the small bills, a dollar, 5 dollars, um… save them, change them and deposit the money. Also, if we have 100 dollars available, okay, we save half, we spend half.*

Emilia has saved $100, an accomplishment she attributes to a change in her financial orientation: *"like a responsibility to save for them and it's even helped us to manage ourselves better…Because that money we could even spend it, perhaps, in other things…And then it's gone and it didn't benefit us and with them, well, there it goes."* Alejandra is among the highest savers in the sample, having deposited $400 in each of her three children's accounts, for total accumulation in excess of $2,700, including incentives. Asked how she has managed this on her income, of less than $35,000 per year, she responds that she *"limit(s) my expenses a little more, ah—that are not very important like…buying many clothes or many shoes and all that, so they can have more savings."*

Roberta has not only made adjustments personally but also actively and continually engages her son in this financial decision-making.

> *Well, when I tell* [her son]*, well I'm going to use an example, for example he says "Mom, let's go to eat" a Saturday or a Sunday so it depends, I tell him "Son, let me see how much did your dad make in his job, and how much I did." "Okay," and I tell him "Look I'm going to the math, I have to pay the light, I have to pay the gas, I have to pay gasoline, I have to pay the food." I tell him "If after I pay all the bills that I've got, and I have to save."*

Luz has not made any deposits into her child's Prosperity Kids account yet and is quick to tell the interviewer that she is dissatisfied with her participation so far. She says that she is *"working on it. We need to keep insisting ourselves that it's for our sake and our children's, that instead of buying a pair of shoes we have to go put a little more money in the account because that's what they will need."* While increased financial knowledge and a developing interest in saving have not yet translated into changed financial behavior, Luz displays an orientation to money management consistent with saving, complete with specific examples of when and how she could apply these ideas and some evidence—albeit sporadic—of success in doing so:

> *Well now I still struggle with that because as I tell you sometimes we go to the store and if it's lunch time already and we haven't got home yet, we would take something to eat because we don't have the time to get back to cook at home, so that's money that we could have been saving… And sometimes that is the goal, sometimes we carry lunch with us because we know we will take a while to get home and we don't want to spend on a meal outside the house, so I – I have struggled at some point because suddenly that is the easy solution, to say "well I carry $5 more, I can spend them", but because – then regret comes to me and say "those $5 could have gone to the account knowing that the kinds will make use of it".*

Victoria, age 30 and with income between $35,001 and $45,000 per year, has started to save in her children's Prosperity Kids accounts, but many of the strategies she has identified that could help her save more are still just ideas: direct deposit, soliciting deposits from family members, setting aside larger portions of coming tax refunds. Similarly, Maria, who has not yet deposited into her children's Prosperity Kids accounts, nonetheless describes financial approaches that should make saving possible:

> *I learned, like I say, the classes we went to, like how to spend less and that…Well, if before we went to, let's say, have some coffee or something now we try to among friends get together at houses, or something like that.*

Amalia, too, is still in a fairly theoretical stage of development as a saver. She has not yet made a deposit into her child's Prosperity Kids account but does outline a savings plan, including how much she could withhold from each paycheck. And she appreciates Prosperity Kids' exhortation to calibrate her spending so that she can save for the future:

> *…All of this helps us to reconsider and that "nah why do I spend" – it's just it's true that sometimes we spend on something that we don't even need to be honest.*

Such diligence ensures little leakage from family finances and helps to stretch their very limited incomes. Reducing consumption is not the only savings strategy applied by Prosperity Kids mothers interviewed, however, even if it is the dominant approach described. Estela and her husband also practice 'windfall' saving, setting aside their tax refund to meet the match limit. She describes, *"I knew they were going to refund me, so what they refunded me, I went and deposited it to complete the $200 for each one."* As a result, Estela's children's accounts have more than $1,000 in college savings balances so far even though the family earns less than $15,000 per year. Finally, while these parents' ability to increase their incomes may be limited by their disadvantaged position in the labor market and the inherent challenges of balancing work and childrearing, some parents, such as Berta, generate savings by working an extra job. Similarly, Emilia reserves some income from her self-employment, on the side, for her children's accounts.

Children's Savings Strategies and Obstacles

Parents are the focus of Prosperity Kids' efforts to cultivate financial capability and the primary drivers of the savings outcomes observed in the CSA program. However, children interviewed do identify both actual and planned strategies to support their saving. Many of these strategies have yet to be put into practice. For example, Katerina imagines that she could earn money by selling snacks around the neighborhood, a savings strategy evidently inspired by her mother, who has employed similar tactics as a supplement to her income. However, Katerina reports that her mom has been too busy to take her to buy inventory. Other children's ideas about how to generate money to save in their Prosperity Kids accounts are even less defined. Genaro claims that he *"find(s) it just laying around in the streets. Sometimes $20 bills."* Kindergartener Juana says that this is how her mother (Angelina) advises build her savings balance, too: *"she told me, "if you find something on the floor just pick it and put it there* [in the piggybank]*."* Third-grade Mia engages in windfall saving, sharing that she *"put(s) money that I take from, from the tooth fairy or…for my birthday."* Of course, not all savings ideas will translate into actual savings. Fourth-grade Andres imagines that he might save money from future birthdays; however, he acknowledges that money he got from his last birthday went for video games instead of his long-term goals.

Some children do have concrete savings strategies in place. In some cases, these approaches mirror parents' efforts to divert money from consumption to saving, as is the case for fourth-grade Valeria, who shares that she tries, *"to not think about getting lots of stuff, because like when you go to the store you're going to want like everything. So try to not carry that much money around, so then you can only buy the stuff that you need."* Other children have become entrepreneurial; Ana's father has included her in his weekend business, from which she earns $20 every weekend, money she reports saving. Buoyed by this experience, she is confident that saving *"will be easy if I don't waste it, if I don't spend it."*

Given very low incomes, however, families' constraints serve as barriers and threats to children's saving. Fifth-grade Genaro reports that he sometimes receives money, which he then turns around and gives to his parents. *"So I'm like, "Never mind. You need this more than I do."* He expands, *"it's just really hard to make savings because sometimes you need to waste money…No, literally. You have to buy some food or milk or something, like grocery shopping."* Ximena's family has a household income less than $25,000 per year. She expresses a goal to have more savings in her account so that she *"could also help with* [her] *mom and dad's bills."* Second-grade Catalina knows that her parents are saving for her to go to college but, when asked if it will be easy or difficult to save the money needed, she replies, *"difficult…because sometimes my mom asks us for money and sometimes she doesn't have money."*

Reflections on the Prosperity Kids CSA Intervention

Parents' efforts feature prominently into savings outcomes observed in Prosperity Kids; only two parents report that their children's Prosperity Kids accounts have received deposits from extended family members. However, correctly interpreting Prosperity Kids' savings figures requires not only commending the individual efforts they reflect, but also considering the institutional features that have facilitated them (see Beverly & Sherraden, 1999 re: institutional determinants of saving). While having an account vehicle to channel savings is a critical conduit, it is not just the account that triggers development of saver identities and associated behavioral changes, and it is not only families' own deposits that make up Prosperity Kids account balances. Instead, distinct from other financial products, CSAs incorporate financial education and progressive incentives that help to encourage and reward saving and to fuel asset accumulation often greater than what participating families could achieve from their own financial resources (see Elliott & Lewis, 2014; also Cramer & Newville, 2009; Sherraden, 1991). Prosperity Kids accountholders can receive up to $2,700 in seed, match, and benchmark incentives during their years of CSA program enrollment, which, even with modest returns, may grow to an even larger sum by the time their children reach adulthood. As financial capability interventions (Center for Financial Inclusion, 2013), CSAs also broker access to financial institutions and help families to benefit from the asset accumulation potential associated with participation in the financial mainstream. Asked what helps them to save, mothers interviewed not only speak of their own strategies; they also explicitly acknowledge the influence of these programmatic features. For example, Sara underscores the utility of the financial education: *"Well, I remember that... That I went to a class about financial education and they made us realize how much you spend if you go out to eat three times a week. Which doesn't seem too much but you start thinking; oh no, I am spending too* *much. If I cook I will not spend that much. And I will have that money to save or to use for something that might be more necessary."*

In addition to the savings strategies they glean from the financial education, parents credit features of the accounts themselves with supporting their saving. For example, Maria has not made any deposits into her child's account, but she does describe saving regularly in the Prosperity Kids piggybank. In addition to building on culturally-influenced savings practices (see Bhattacharya & Stanley, 2006), piggybanks may contribute to salience by keeping the savings 'object' literally in one's sight. They may also reduce the initial hurdle to saving by serving as a repository for even tiny amounts. The presence of these instruments provokes interactions about saving, as a part of regular family routines. Third-grader Katerina describes the role that the piggybank plays in the family's saving:

> *Oh well, that piggy, this lady recommend my mom about that and then she brought us the little piggy and it had like a little symbol. And then my mom was putting in some money for us and stuff like that, and then I got mine a little days later than hers, and I like filled really quick. Then my mom when she gets some change, she'll put it inside our piggybank or she'll find it in the laundry. When my big sister has some money she puts it in her pocket and she forgets. She'll go get it and she'll just put it in our piggybanks.*

<u>Account Restrictions</u>

For many of these families, savings in a financial institution, particularly one that limits withdrawals, is seen as a substantial aid. By making it easier to ensure that money deposited stays in the account, restrictions on withdrawals may reduce families' difficulties with saving. Consuelo lamented her savings failures prior to opening the Prosperity Kids account: *"I didn't like it* [saving at home] *that much, because sometimes you have your savings right there, and sometimes you don't necessarily have to spend and like you have it right there you say "Oh I'm going to grab a little, I'm going to grab a little" and it's really different for me having it here in the account, because I only use the card when I really need it. If I don't need it no, I don't use the card, and it's better having it in an account instead of having it in the house."* Prosperity Kids' design, which provides families with an opportunity to experiment with a low-risk account that restricts withdrawals, facilitates a bank experience that may ease them toward more sophisticated instruments and amplify their savings success. Emilia similarly described thwarted attempts to save in the past using unrestricted savings accounts.

> *We always tried to save, and sometimes we'd look as the savings account and we'd say, oh wow! Yes! We're doing good. {Laughter} But suddenly it was again in zeros…And the money would be gone, where? Who knows? It was gone. And that account has helped us a lot, because the money is there, it doesn't go anywhere, and we can't touch it, and we can't take it out.*

Adriana, age 32 and with a household income between $15,001 and $25,000 per year, has saved $280 in her child's Prosperity Kids account as well as additional funds reserved at home. She uses direct deposit to discipline herself to save and finds Prosperity Kids' withdrawal restrictions particularly useful in growing her account balance—already more than $650, including incentives.

> *And the most important thing is that you can't touch that money; that's what I like because that money is there and we know we can't withdraw it or anything, it's just for them.*

Angelina considered both the savings match and the restrictions on withdrawals in deciding to open the Prosperity Kids account:

> *I mean, I said; we can't let this opportunity pass by. I told my kids, I talked to them first. I told them; you know that this opportunity came up, since I took this course, we can open an account for the kids. And if we deposit two hundred dollars a year, they will match our deposit too. And I told them, you can't take it out. It is like a long-term savings account.*

Natalia's child's Prosperity Kids account has only seen $70 in family deposits so far, but Natalia sees the restrictions on withdrawals as facilitating her future saving. *"I hope to in the future be able to deposit more money and they make it easier that I know that money is not going to be touched…I can't touch the money."* Asked what interested her in opening a Prosperity Kids account, Sofia speaks of the limits on withdrawals even before the match. *"Because we weren't going to have access, us, mainly to those accounts; the money you save is the kids' money"*.

No one spoke as adamantly about the withdrawal restrictions as Victoria, evidently still grieving circumstances that led her to withdraw from another account established for her children. The Prosperity Kids account is valuable to her because it *is "totally separate from my own financial institution. It's totally separate. I have nothing to do with it but their accounts."* That feature helps her save:

> *Well, I did have an account previously, but it wasn't for them. It was for them, but I was the one to manage it. I can go in there at any time and do whatever, and I think that was the big no-no because I can't touch these accounts. If I need that money, it's too bad. It's their money, so it's there to stay. And pretty much, that's just the rule for it to go on and on and on, which I like that. And I did have an account for them, and I went in there. I needed the money for a good cause, but I took it all out. And that was a couple thousand dollars, and I can't get it back. I said I'll replace it, and I never did. Years have passed, and I just never replaced that money. So that's for them only…This is what I need. This is what I've been waiting for. Sometimes when I get checks, I have to go and cash them. Then it's like, "Should I just deposit it?" it's like, "No. I've got to run to the other bank. Make sure this money gets in there." But what caught my attention, number one is it's under their name, can't touch it. I've got to know that I've got to be responsible about it, and I cannot touch it. It's theirs. It's there to stay, and that's good. That's awesome.*

<u>Match</u>

The match incentivizes many parents' saving in Prosperity Kids. Mothers interviewed here speak of the match as adding urgency to their college savings timeline and decreasing the challenge of saving for college. While Sandra attributes her newfound attention to saving and financial discipline primarily to her recent widowhood, the match motivated her to save specifically for her children's college educations. She feels encouraged by incentives that will amplify her own effort. Victoria touts the match—which she calls *"phenomenal"*—frequently to encourage others to open Prosperity Kids accounts, exhorting them:

> *It's like, why not? You put $100, they match $100. You put $200, they match $200. Who's going to give you $200 for your child's education?*

Susana says that the fact that the CSA program *"will double the amount that you deposit"* was what most influenced her enrollment in Prosperity Kids. She calls the match and the *"stimulus that they give you to start the account by deposit*[ing] *certain amount of money"* the most helpful aspects of the program. Victoria is striving for the $200 match limit for each of her two children's Prosperity Kids accounts; she has saved the $200 in one child's account and $135 in the other, so she describes herself as *"halfway there."* She speaks at length about how having this clear objective has encouraged her to save, because before, *"I didn't have a plan. I didn't have a goal. I'm barely starting to have that now that I have this account. Just setting up a minimum of how much, or I need to have this much by this time. Be like I have to,* *and it's just better to do it a little bit, and then thinking of ideas of, "Well how can I make it easier for me?" and it's like oh, I can bring the family around, and have them help me. And during income tax season, we do get a credit, an earned income credit for… So maybe every tax season, their child tax credit, which is $1,000. Put in their account."* Similarly, Berta, 46 and with a household income between $15,001 and $25,000 per year, emphasizes the *"incentives they give to us"* as encouraging her to first open the account and, then, deposit. She has saved $200 so far, an amount calculated in order to receive the $200 in available annual match. Indeed, Berta's comments reveal the double-edged sword of the match cap, which can be viewed as a ceiling, rather than a floor, for families' own savings (see Schreiner & Sherraden, 2011). Berta explains, *"The thing is I haven't put a big limit I am basing myself in saving what - $200 each month I am not pressuring myself to deposit more, but – at least $200 so they give me another $200 that's how it works a year, so I don't feel pressured nor I am struggling to…"*

Elizabet also emphasizes the match as a motivation to save. She has deposited $400 so far, for more than $900 in total account value. She describes the match as reducing her perception of the difficulty of the college saving task and sparking salience, encouraging her to take the first step of making a deposit and illustrating the ways in which elements of Identity-Based Motivation can work together.

> [The match] *motivates us to save even if you don't have, or can't. Simply because they tell us that if we save two hundred, the program will give us two hundred more. You keep on thinking the time will go by and you didn't save the two hundred. So, it is not that much what you save every month but it is a lot when you put it all together. And this program motivates us... Maybe you will not pay one bill and pay those two hundred. And then I'll see what I do with that bill. So, if there is not that program, I am sure that you will not save. Because of procrastination, and there is always something else to do. Even if it is a little that you can save. If they don't tell you, 'if you don't give this, they won't give you this.' So, then you say; here I go.*

<u>Benchmark Incentives</u>

Prosperity Kids' design allows parents to build account balances not only by saving and earning matches but also through their accomplishment of key benchmarks related to their children's development and academic progress. This feature figures prominently into many mothers' savings strategies and further reduces the obstacles they face. Berta plans to take optimal advantage of these incentives, which she describes as *"$100 a year during five years for things we are already doing."* While Luz's family has not yet deposited into the CSA, she is evidently incorporating the benchmark incentives into her strategies for asset accumulation:

> Interviewer: *And how often would you say you are saving with this program?*
> Luz: *Goodness, well I think probably we have the opportunity of doing it once or twice a month because they have activities at school all the times and we always have to report in what we are participating in.*

CSA Implementation Challenges

As has been the case in most Children's Savings Account programs, there have been some snags in the implementation of Prosperity Kids, some of which may interfere with parents' progression as savers. CSAs aim to alter the existing landscape of financial opportunity, catalyze college saving on a timeline earlier than when many families would otherwise engage, and equalize outcomes for disadvantaged populations, and these objectives can require considerable foresight, coordination, and implementation exertion, absent complementary national policy infrastructure. Adriana went to the credit union to request a statement for her child's Prosperity Kids account and was told that she could not get one. Confused and discouraged, she had yet to return to investigate further, as of her interview. Estela has had similar confusion, struggling to understand the amounts shown on statements and the incentives applied to her child's account. Alejandra laments not receiving a monthly statement from the credit union, feeling that it would be helpful to get a regular reminder in the mail. There are other knowledge gaps. This same parent asks the interviewer if the credit union has machines where coins can be counted; she has some at home that she wants to add to her child's account, but, without being sure in advance, she hesitates to show up with a jar of coins. Some of the same disadvantages that have constrained these families' engagement with mainstream financial institutions in the past follow them to Prosperity Kids, then, despite programmatic efforts to mitigate these barriers. Consuelo had some problems getting her daughter's name correct on her account, became confused when the receipt from the ATM did not match her recollection of her balance, and then struggled to resolve these issues with the credit union, because, *"they have told us that there's nobody that can serve us in Spanish. And, well, that's a little hard."* She changed her banking practices to be able to visit the one branch location where there was an employee with whom she could communicate but still claims not to know how to check the balance in her child's Prosperity Kids account. Additionally, having not yet received a card to use for deposits, she has delayed making adjustments to her finances that would facilitate saving. In this case, at least, operational difficulties seem to have eroded the immediate potency of the CSA.

While some of these challenges are unique to this Latino, largely immigrant, population, other implementation complications reflect general difficulties in banking financially-marginalized households. Initially, Prosperity Works and Abriendo Puertas had to contend with a high level of mistrust from many prospective accountholders. Adriana admits that her boyfriend was initially resistant and is still somewhat dubious.

> *He'd say, how do we know if this is for real, what if a few years from now they say, no, the account isn't trustworthy or something, I said, no, well, the kids are there, what gives? We must trust something, I told him, because if we don't do it we'll later regret not having saved for them.*

Sandra acknowledges having these doubts herself, at the beginning:

> *Well when they told us that, that they were going to – I mean that they would put $200 if we put that amount we said, "well how? Is it fraud?" or one imagines a lot of things –We didn't believe it. But we said, "well the thing is, the government doesn't want the kids to leave school, they want them to be stimulated to continue studying, I mean the offer was very tempting…And many people didn't believe.*

Elizabet describes her doubts and the ways in which Prosperity Kids' staff and partners sought to reassure her:

> *In the beginning they tell you; we are going to open you an account with one hundred dollars and we will give you more money each year and you say, I don't believe it. But then, when you talk seriously, for example I came to talk to the person who told us about this and he said; we have a program and there are many sponsors. He started to tell us where the money came from and that what they want is education for the children.*

While matched savings programs have frequently encountered this skepticism (see CFED, 2009), for some in Prosperity Kids, the doubts were even more fundamental than questions about CSA incentives. Lacking even a foundation of the concept of banking, some families questioned the premise of placing one's money on deposit. For example, Rocio wondered early on: *"the first doubt was what happened with the money if the bank…disappeared or closed for some reason or something right? That was the biggest doubt…"* In her interview, Daniela contrasted Prosperity Kids to accounts where they *"take interests or I don't know how they work, but most of them take away from you for having an account"* and claimed that she *"was in debt with the bank because of that problem,"* a description of previous banking experiences that suggests difficulties navigating the financial mainstream. Estela similarly describes a complicated situation with another financial institution, where she believes she lost hundreds of dollars when the bank used her deposit to pay taxes. More important than the veracity of such accounts is what they represent: reasons to mistrust the financial system that can become lore as they are passed around the community, particularly when that community may already distrust financial institutions. Berta describes encountering these doubts as she talks with others about opportunities in Prosperity Kids. *"I don't know; I think there are people who don't believe in things, we come from a country where nobody gives us anything and sometimes we find it unbelievable "are they really going to give me for this? Are they going to… will it work?""*

Roberta was unbanked prior to opening a CSA through Prosperity Kids. She avoided financial institutions because, as an immigrant, she was afraid she could lose her money if she had to leave the United States. It was the financial education class through Prosperity Kids that assuaged some of these fears. This relationship with a financial institution not only gave her a new outlet for her savings, then; it also increased her savings effort.

> *And so they start explaining and you are like, okay nothing happens, you can place beneficiaries, and you can do this. But things that sometimes you don't know…So well it did change because let me tell you I previously didn't have a bank account, I have it now, now with my son and I have it because you know that you open an account as a mother and he...So I...it did change because I didn't have a bank account before and now I have that savings one, so I'm saving little by little.*

Prosperity Kids has obstacles to overcome in terms of its own operations, then, in order to successfully support these financially-vulnerable families as college savers, particularly in the absence of a fully supportive financial infrastructure. Significantly, some elements of the context in which Prosperity Kids exists may even work counter to the CSA programs' aims. For example, some parents may be discouraged by asset limits in public benefit programs, particularly since their low incomes may make such supports vitally important. Berta is not the only one who mentions this as something she wishes would change about the CSA.

> *To do something to change the law, that this isn't taken – for this account of the kids not to be considered as an income, as a saving that would harm those benefits of social security, of Medicare, of insurances and all that because many people don't want to take it for that reason, they don't want to use them.*

Cultivating a generation of savers

The Prosperity Kids CSA model seeks to equip parents to take responsibility for shaping children's financial capability. Toward their goal of financially-capable young people, parents reveal considerable engagement with their children around saving, aided by the existence of the piggybanks, which serve as a tangible reminder of their savings goals, and by parents' significant and sustained hands-on interaction with their children. Sandra was drawn to Prosperity Kids in part by the prospect that her children could *"learn since they are little…to have a savings account."* Ana keeps the piggybanks in her room to help her children resist temptation and has instituted a rule for her daughters that, once money is deposited there, *"it can't be taken out."* She describes how she and her husband talk with their children about saving.

> *They like to spend the coins a lot, so my husband tells them that not always that you see a coin you have look for what are you going to buy, that they also have to...let's suppose that they don't take it*

> *to the piggy, but at least save it, not like "Oh, let me see what can I buy with a coin, let me see what can I get" like that you understand? That they have to know that you also have to save.*

Notably, all but one of the parents interviewed described interactions with their children around saving, and children's interviews confirm this. Third-grade Mia says that her parents tell her, *"that you save to get something big, and you don't take for small things"* and that she should save *"instead of wasting it in toys."* Rocio's fifth-grade daughter, Ximena, describes regular conversations about finances with her parents:

> *I just talk like, "How are we going to pay this? How much do you have on your pocket right now?"…So if it's too much, if I can't buy this because…*

For her part, Rocio takes advantage of frequent interactions with her children to inculcate these savings values:

> *Well I always look for discount opportunities, of everything, I always tell them that if I can save a penny {laughter}. I will save it…I always tell them "well we have to look always where it's cheaper and save it and save it because one doesn't know what may happen tomorrow."*

Rocio asserts that her children *"know that it's a future for them and they have been more aware about what a dollar is worth and to save a dollar; they know it."* She hopes that they will *"keep saving because, well, always one doesn't know what could happen tomorrow or what situation may come up so to it would be that is since now that they are little we are educating ourselves to save that means that in the future they will keep saving."*

Luz says that her conversations with her children about saving have increased since the family began Prosperity Kids. *"Because, uh, we put ourselves goals in the short term saying, "okay, you need to save because you want to buy this and if your $5 are not enough in one week, you must wait these weeks to be able to collect what you want to buy", so, yes, it has increased a lot the conversation about "we have" or "we suppose" or "we should" or "we need" to be saving".* Natalia explains that even though she doesn't talk with her child about the Prosperity Kids account specifically, *"…whenever he wants something that costs money, or he wants to go somewhere that's like far, I tell him you have to save money in order to buy that stuff or do that stuff, you have to learn how to save money. So we talk about he has, his dad has always kept a piggybank for him, so he knows there's money in there that he can't touch until like let's say Christmas. We have to save for Christmas presents, or we have to save for vacation, or we have to save for that. So he knows about some saving."*

Parents in Prosperity Kids teach by example as well as through overt instruction. Elizabet reports that her son has learned about saving because *"he sees us, for example…not spending money in things that you don't need."* Sometimes, this process becomes mutual, as children encourage parents' continued savings efforts, as well. As Susana explains, *"If they see me buying things we don't need, they will say; mommy you don't need it. And sometimes they have told me… I mean, they observe and they see and I think that by setting the example is the best way for kids to learn."*

Isabel, whose daughter has more than $575 in her Prosperity Kids account, includes her child in the entire process, from saving in the piggybank to depositing at the credit union. In this socialization, Isabel is drawing on training received from Prosperity Kids.

> *She* [her daughter] *collects quarters and she puts them in her bin. She sees coins dropped and she put them in her bin, if she has parties we go and deposit money in her savings account. When we see that her bin has enough, or that it's getting full, we start counting the coins, Ramon* [Prosperity Kids staff] *gave us that idea "You take your child to the bank so it becomes a habit" so I took my daughter with a bag full of coins and I told her "Here's your card, and you are going to tell the lady that you came here to deposit."*

Parents describe changes in their children's orientations to saving as a result of participation in Prosperity Kids. Berta laughs when asked how often her daughter deposits into her piggybank. Evidently, the young girl has become quite a dogged saver who *"always wants to have something there."*

> *I laugh because well each time she makes money or that I give her money for something or her father gives her, but she likes very much – sometimes we leave money – well change money over there and suddenly she "hey I had some money here" and then one turns "oh I put it in the piggy bank".*

Emilia, too, says that her children *"see coins and my husband comes home and he has some in his clothes and they grab it and which one is mine! And they want to save, I mean, they're also learning to save now."* Estela describes a similar situation at her house, where her children *"go and ask their dad or they ask for my purse and take the coins and they go and put them* [in the piggybanks]*."*
Roberta sees developing financial competency in her son, behaviors she hopes bode well for her aspirations for him as a financially-secure adult.

> Roberta: *So he goes and puts it in his piggy. So he knows that he has to save and my way of teaching him how to save is not expending on unnecessary things, not spending in something that you don't need…That's my way of saving, maybe I'm doing it the wrong way, but it's the way I have of saving and avoiding being tight sometimes, because sometimes I say "My God, how am I going to do to pay this whole month?" but thank God we always like move forward, but my son does know that you need to save, a little but save. So he's teaching himself how to save with his piggy too.*
>
> Interviewer: *Um, when your children, when your son gets older for example 18, 19, 20 years, what would you like him to know about saving money? What would you like him to be capable of doing about saving?*
>
> Roberta: *Um, the truth is that I wish, that they knew how to save their money, that they knew how to manage it, for them to spend in something that they need, that they say "Okay I'm saving, for a house, I'm saving for my university, I'm saving for my car" because it is necessary for them.*

From Piggybanks to Financial Systems

Parents interviewed in Prosperity Kids are not uniformly successful financial educators. Sandra bemoans that her own children temporarily lost their piggybanks. Other parents express frustration at the difficulties they encounter trying to get their children to forego consumption. Despite talking about saving frequently with her son, Natalia reports that when she has attempted to give him money to set aside, *"it hasn't worked very well."* One of the challenges these parents face is helping their children transition from the tangible experience of saving in the piggybank to the more sophisticated outlet of the savings account. For at least 9 of the 18 children interviewed, the piggybanks feature prominently in their understanding of Prosperity Kids. Some children evidence preference for saving at home, an approach simultaneously culturally- (Battacharya & Stanley, 2006) and developmentally- (see Friedline, 2015) appropriate and, yet, less likely to confer the advantages that come with asset ownership. While tools such as piggybanks can make the ephemeral concept of saving more tangible for young children, it is not clear that children interviewed in Prosperity Kids are poised to make a seamless transition from saving at home to saving in financial institutions. Third-grade Katalina, for example, when asked about saving in the account at the credit union, said, *"I'd rather stay with my piggy bank. That helps me…Because when I see it I try not to buy lots of stuff or ask my mom to buy me this toy or this candy. I'll just look at him* [piggy bank] *and I'll be like, okay."* When second-grade Leo was asked to describe his savings account, he went straight to the piggybank:

> *Yeah. It's because I had two piggybanks. They were full, but one was for Mexican coins, and the other one had a line. Then my brother only had one because he only wanted one, and we got like $123. I don't know how much.*

In her interview, Cinthia explains that she *"keep(s) it* [money] *in there* [the piggybank] *until it gets all full, and then I get a Ziploc bag, and then I put the money in there, and then I put more money in the bank. In the piggybank."* She does later say, *"I think I'm going to put it in my bank account,"* but it is clear that her financial plans are still rooted in a home-based system. Reliance on piggybanks does not mean that all children prefer to save at home, however. In some cases, this behavior is a placeholder. Third-grade Mia, for example, says that her parents *"haven't put the money* [in the savings account] *yet because they're collecting more."* Amalia's kindergarten son, Roberto, says that he is saving in her piggybank *"for when I grow up and I'll go to the bank,"* a timeline that suggests that he may see the financial institution as a place where adults, not children, conduct financial business. Significantly, though, he is connecting his piggybank to the credit union. *"But we did raise the money in our piggybank into our savings account."* Second-grade Leo says that saving in a bank is safer, because *"if you have money somewhere or in something, people, you might lose it."*

Parents' actions seek to cultivate their children's connection to financial institutions. Half of the children in this sample describe visiting the credit union with their parents. Even when children do not make the trip, they are likely to know of their parents' financial business. For example, Susila reports that when she does not go with her mom, *"she tells me, "I need to go to the bank to deposit some money to your account.""*

<u>Growing Up as College Savers</u>

Relatively little of the financial communication described by these parent-child dyads centers specifically on college saving. So, while 8 of the 18 children interviewed made some statements regarding their accounts being used for college, or describing Prosperity Kids as a college savings account, few referred to their Children's Savings Account as a tool with which to finance college (see, Elliott, Sherraden, Johnson, & Guo, 2010). There are exceptions. Fifth-grade Susila, among the oldest children interviewed, says that what she likes about having a savings account is that *"it really helps that I can completely focus on college or the university, and not thinking how am I going to pay these books, these studies, and all that stuff."* But for most children in the sample, it appears that it is Prosperity Kids' general message about saving that seemed to have most penetrated their financial understanding, mediated through parents' real-time, hands-on instruction. These children, ranging from kindergarten to fifth grade, are not extraordinarily financially-astute. Only four children gave detailed responses outlining their savings goals. Much of their thinking about finances is vague. However, almost uniformly, children shared how their parents relay financial values and skills, including the importance of having a financial cushion and the imperative to practice financial restraint. This means that, even absent clarity about how and why saving specifically for college will be useful, children in Prosperity Kids evidence familiarity with the concept of saving and identify their parents' behavior as consistent with saving. Indeed, seeing saving as an instrument with which to pursue goals broadly may help to foster financial capability among children for whom college may not be a salient goal. For example, fourth-grade Andres says that, when he's 20 years old, he wants to be able to use his

Prosperity Kids account on something he, *"needs to grow to or something. Not just college. Not just plain college…I want to see if there's anything else that I need."* Leo answers a question about what he knows about saving, saying, *"Saving money just in case, not for college, just saving money just in case you don't have money."*

While most families' financial interactions are of a more general nature, some parents are making a clear connection between these financial resources and the expectations they have for their children's higher education. Roberta, who has almost $200 in her child's account, has explained to her son that this money is for his education.

> *So day by day that when we go to the bank "You know son, here's your bank account, we deposited this much" I already told him that he can't withdraw money, they won't give him money in cash, they won't give him anything, so he doesn't think that they will give him money…It's just for your school, if you don't study they won't give you the money. So then he's like "okay" he's like saying in his mind "The money is for my school, not for myself."*

Adriana's son, who is in second grade, evidently is unclear about some of the details of how the Prosperity Kids savings account works, but he describes a process that starts with saving at home and ends with his college attendance. *"*[I]*…just collect them* [coins] *and – until I fill it to the top I don't know what I will do with it, I will do like money for – like dollars like that…and I will give it to the bank. For them to save it for me, for me to collect it to go to university."*

Amalia claims that she did not talk with her children about finances before they opened the Prosperity Kids account, but, now, she says that she *"always"* talks with her son, a kindergartener, about how and why they are saving for his education:

> *"Son, we are saving because it's for you school, your studies later on" I told him "now you may be little but years go by really fast, sometimes one doesn't even notice and when you notice" I told him "son that will help you, if you don't work you'll have your savings" "oh I need a book" "you can go and they can buy it themselves you know, okay you don't have this but we will buy it for you or anything they will provide the – I mean they pay it from your own account or like that", "okay" he tells me.*

Luz uses the arrival of account statements as chances to discuss college saving with her children.

> *They* [her children] *know a lot because when the notification mail arrives, they are like a little sad when they notice it hasn't increased but at the same time like a challenge to know that this month we need to put a little more, because month to month we see the difference in the invoices and they are always watching the account statement when it arrives, so…And money is more valuable for them because they know they can enjoy it at the moment but if they save it they can make use of it when they are in university.*

Chapter 3: Discussion and Policy Implications

This paper considered savings data pulled directly from Prosperity Kids' Children's Savings Account records alongside qualitative data from interviews with participating parents and children. Findings complement research examining the development of college-saver identities by parents whose children have Prosperity Kids accounts (see Elliott, 2015). This research also adds to growing evidence that financially-disadvantaged households can save for their futures if given access to facilitative account structures, supported with progressive savings incentives, and assisted in the development of saver identities.

Savings patterns and account values

The 29% of Prosperity Kids accounts that have seen family deposits is in line with savings outcomes in many other CSA initiatives, although comparison is complicated by the potential influence of two, countervailing, factors. On the one hand, Prosperity Kids' enrollment process, in which families self-select to participate, means that these college savers and their savings outcomes may not be representative of the Latino immigrant community, even localized to Albuquerque, New Mexico. It is likely that the 500 Prosperity Kids Children's Savings Account owners are in some ways different—more motivated to save for college, perhaps, or better supported by facilitative relationships—than some, similarly-positioned families who did not open Prosperity Kids accounts. It would be expected that CSA programs that use 'low-touch' outreach approaches and/or attempt to include an entire population would see lower savings rates than Prosperity Kids' design of intensive, community-based support and extensive onboarding. For example, while 8% of parents in the SEED OK treatment group had opened a parent-owned OK 529 college savings account and made at least one deposit after seven years of enrollment (Clancy, Beverly, & Sherraden, 2016; Clancy, Beverly, Sherraden, & Huang, 2016), these families received only mailed communication that invited them to open the account and notified them of the seed deposit, approaches utilized to preserve the integrity of the research, despite their limited efficacy as outreach tools. Prosperity Kids' findings may then attest to the desirability of a more hands-on CSA structure, at least for populations that face significant barriers.

At the same time, Prosperity Kids is distinct from other CSAs in ways that could be expected to depress savings outcomes and that then bring savings outcomes into sharper relief. For example, while 57% of SEED participants saved their own funds (Mason, et al., 2010), those demonstrations ran for several years, giving families a longer period over which to deposit than at this point in Prosperity Kids. Even considering just the subset of accountholders who have made a deposit, average Prosperity Kids tenure of 13 months is far shorter than SEED's average of more than 45 months (Mason, et al., 2010). Additionally, in SEED, savings increased with longer tenure as accountholders (Mason, et al., 2010), which suggests that savings rates in Prosperity Kids may similarly continue to grow, although Prosperity Kids' provision of time-limited annual savings matches, not used in most SEED programs' designs, may discourage accountholders from waiting to deposit.

Prosperity Kids' accountholders also evidence greater disadvantages along dimensions shown to affect saving, even compared to other, relatively disadvantaged, CSA participants. Research has found that participants of color have poorer savings outcomes even within asset interventions (Mason, et al., 2009; Grinstein-Weiss, Wagner, & Ssemawala, 2006), as do those without college degrees (Mason, et al., 2010), both characteristics that describe a majority of Prosperity Kids accountholders. This means that Prosperity Kids, while only attempting to increase savings among a subset of the overall population, is nonetheless realizing savings progress with a more disadvantaged population (i.e., population that has sometimes fared more poorly in savings interventions) than other programs often consist of.

Some of the elements of Prosperity Kids' approach, including supportive institutional features (see Beverly & Sherraden, 1999; Han & Sherraden, 2007) and transmission of financial knowledge both general and account-specific (Nam, Hole, Sherraden, & Clancy, 2014), likely explain some of this success. In addition, there is some evidence to suggest that engaging the parents in the recruiting and teaching of other parents may play a role in eliciting saving. These findings align with research suggesting that Latinos gain initial access to financial institutions via reliance on informal peer networks (ASOC, 2014) and, further, that complementing these approaches with provision of concrete financial information may help to counteract the limitations inherent in marginalized individuals' own social connections (ASOC, 2014).

Prosperity Kids' contributions to account value

Those families who are saving in Prosperity Kids are managing fairly substantial deposits, given their low incomes. Over an average of 13 months of account ownership, Prosperity Kids savers deposited average savings of $155, or roughly $11.92 per month. Average quarterly savings of $31 are higher than in Michigan's SEED program, which saw average quarterly net savings of $19 (Loke, Clancy, & Zager, 2009) and equivalent to the national SEED, where average net quarterly contributions were $30 (Mason, et al., 2010). Asset accumulation in Children's Savings Accounts does not hinge entirely on families' own savings efforts, however. Instead, progressive incentives and transformative financial inclusion opportunities may help to equalize outcomes for households that begin from disadvantage. Consistent with this emphasis, Prosperity Kids' model utilizes features to increase asset accumulation beyond what would be possible through families' savings alone. Reflecting the significance of these financial incentives, median account value for all accountholders in Prosperity Kids was $100—the amount of the account-opening seed deposit. Median balance for savers was $345, a figure that includes average match of $139 as well as the initial seed deposit. In addition to directly augmenting account balances, these levers may also encourage saving (Clancy, Johnson, & Schreiner, 2001; McKernan, et al., 2007; Schreiner & Sherraden, 2007). Evidence from SEED shows savings matches serve as significant motivators for household savings (Mason, et al., 2009), and parent interviews from Prosperity Kids suggest that this is the case for these families, as well. Specifically, other CSA research has found that the match rate appears to increase account opening, although there are mixed effects on savings amounts, while increasing the amount of household savings subject to the match (the match cap) has been found to increase deposits (Nam, et al., 2013). Here, some mothers' comments suggest that it is possible that some parents in Prosperity Kids might be encouraged to save more than they are, if the amount of their savings eligible for match was larger than the $200 per year in the current model. This would be possible if policy changes facilitated greater transfer into CSAs, as would be the case, for example, if Pell Grants or other financial aid were converted to provide CSA incentives (see discussion in Elliott & Lewis, 2015). However, more research is needed to fully test this hypothesis.

Prosperity Kids' design includes benchmark incentives that allow parents to secure additional transfers to their children's accounts without having to make a deposit from their own finances. Additionally, Prosperity Kids' fairly long period of potential contribution and account growth, over as many as ten years, makes further accumulation likely. However, locating Prosperity Kids accounts in a credit union account, rather than investment products such as those offered by 529 state college savings plans, may limit earnings. In SEED OK, which uses the state 529 plan to deliver the Children's Savings Accounts, median earnings contribute $426 to total balances (Beverly, Clancy, Huang, & Sherraden, 2015), an unlikely figure in Prosperity Kids' account vehicle. Augmenting families' asset accumulation may be particularly critical in light of low incomes and limited savings capacity.

Financial incentives are not the only elements of Prosperity Kids that encourage family savings. Parents interviewed also emphasize restrictions on withdrawals, also seen in other research

(Wheeler-Brooks & Scanlon, 2009) as helping families feel confident in their saving. As described above, Prosperity Kids' approach also emphasizes financial literacy, which some CSA research has found to be associated with increased monthly savings, greater savings effort (as measured by percent of income saved), and more frequent deposits (Grinstein-Weiss, et al., 2015). Parents' interviews underscore the significance of savings strategies learned through Prosperity Kids—particularly reduction of consumption—in making saving possible. Shaped by this emphasis on financial education, parents evidence a focus on the process of college saving, rather than a specific dollar amount goal, an orientation that other research has found associated with earlier initiation of college saving and more frequent deposits (see Sallie Mae, 2015). By equipping parents with tangible and immediately actionable savings tactics, Prosperity Kids encourages parents to make saving part of their financial lives, shifting the cultural norms—at least in this microcosm of a community—around when and how and who saves for college. While not the subject of this study, Prosperity Kids' provision of Emergency Savings Accounts may also support savings outcomes. Saving families are more likely to have ESAs (23%) than Prosperity Kids accountholders not yet saving in the Prosperity Kids CSA (7%). Interviews with these parents highlight the ways in which having emergency savings has reduced their reliance on expensive, fringe financial services and their debt obligations, outcomes that may reduce financial strain and facilitate college saving.

Strategies and barriers to saving

Mothers interviewed in Prosperity Kids describe many of the same obstacles to saving revealed in other qualitative Children's Savings Account research. These barriers include those related to participants' own household financial situations, such as inadequate incomes, irregular employment, and unanticipated expenses, some of the same struggles shared by mothers whose children have SEED OK accounts (Gray, et al., 2012) and in other CSA research, as well (Beverly & Barton, 2006). Other obstacles relate to the Children's Savings Account program and/or the account vehicle. In these Prosperity Kids interviews, this dimension includes problems understanding communication from the credit union, language barriers between credit union staff and Prosperity Kids accountholders, and/or distrust of financial institutions and/or the CSA incentives. Again, these findings parallel those in other CSA research. In SEED OK, interviews with mothers highlight information gaps, confusion about account features and rules, and language barriers (Gray, et al., 2012) as making it difficult for some to navigate savings opportunities. While pointing to the importance of information, outreach, and assistance with account brokering, as part of CSA policy and practice, consideration of these barriers also serves to underline the incidence of saving within this sample. Even if the dollar amounts accumulated are not that large in comparison to the total cost of college attendance, the 29% of families enrolled in Prosperity Kids who have begun to save for their children's education—before most of those children are even out of primary school—suggests that targeted interventions can induce saving even among those with significant barriers and, furthermore, that elements of the Prosperity Kids model may prove effective levers for doing so.

Parents as 'first teachers'—financial socialization and saving in Prosperity Kids

A particular feature of Prosperity Kids is the emphasis on parents as the conduits of financial knowledge and behavior. This approach primarily stems from the collective impact model that situates Prosperity Kids as an extension of an existing, parent-focused, peer support program. It is quite possible, then, that alignment with a different program partner might have induced a somewhat different outreach approach. However, this element of Prosperity Kids' design also aligns with literature suggesting that parents affect children's financial attitudes and behaviors directly and indirectly (Danes & Brewton, 2013; Gudmunson & Beutler, 2012; Hancock, et al., 2013), that parents' encouragement influences children's saving (Webley & Nyhus, 2006), and that parents' interactions with their children about finances can increase youth saving, including specifically for postsecondary education (Kim, et al., 2011). Evidence from Prosperity Kids parent interviews further suggests that these participants, at least, are engaging in financial socialization of their children in ways likely to lead to positive outcomes (Kolodziej, Lato, & Szymanska, 2014). They use both direct teaching and modeling of behavior (see Solheim, Zuiker, & Levchenko, 2011) to transmit knowledge and also attempt to cultivate financial behaviors; significantly, the Prosperity Kids model includes elements that explicitly support both of these aims. For example, parents are given materials to use to teach their children about saving and coached in doing so, and they are also encouraged to bring their children with them to the credit union for the required in-person account opening and for subsequent transactions. While data do not allow full exploration of the nuances in these families' financial socialization efforts, they would appear to fit within the 'consensual' type, articulated by Moschis (1985). While some parents speak of children's influences on their own saving, for the most part, they are working alongside their children to reach shared financial goals, while not relinquishing their family leadership. Indeed, affirming this parental role was a priority for the architects of Prosperity Kids; the evidence examined here suggest that this is unfolding in many families' lives.

Amplifying outcomes by augmenting child engagement

Interviews with both parents and children illuminate parents' roles as financial coaches and the importance of parental financial socialization in cultivating child savers (see Allen, 2008). However, the extent to which children's understanding of banking and saving lags their parents' suggests that direct intervention with children may amplify parents' efforts and, then, potentially magnify savings outcomes in Prosperity Kids, particularly as children age and assume more responsibility for their own saving (see Johnson, et al., 2015 and Wheeler-Brooks & Scanlon, 2009, re: youth saving in asset-building programs). For Prosperity Kids, this could mean incorporating savings lessons into school, creating children's savings clubs, and/or utilizing technology to directly engage children as developing savers. Prosperity Kids' outcomes also suggest that even CSAs with greater access to children than to parents, particularly those operated through a school system, may find success using parent engagement at least as a corollary.

Conclusion

Prosperity Kids is a program that many in the field may have not heard about given its size and infancy. However, its two-generational approach of providing both accounts for children and for parents' emergency savings and its focus on parents as children's first financial teachers are some of the features that make it an important program to study, and from which the field can learn. Moreover, Prosperity Kids provides the field the opportunity to learn about and test the potential of CSAs among a poor, largely Latino immigrant sample, a group for which, to date, there is little evidence available. While this report does not provide us with definitive answers, it does provide us with reason to be encouraged that CSAs in fact can be effective tools for helping Latino immigrant families save for college.

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