

Savings Apps

Apps that Can Help Build an Emergency Fund

Webinar of June 21, 2018



Who We Are



Isaiah Goodman

- Owner & Financial Advocate
- Becoming Financial
 - “Developing your financial character with dynamic planning and empowerment”
- Website: becomingfinancial.com
- Minneapolis, MN

Who We Are



Mary Hughes

- Sr. Payments Consultant
- Federal Reserve Bank of Minneapolis
 - The Federal Reserve has a wide-ranging participatory role in the U.S. payments system, helping to ensure efficiency, integrity and accessibility
- Website: minneapolisfed.org

Disclaimer

The apps and tools described in this webinar are intended to serve as examples. This webinar is not intended to promote or advocate a specific action or product. Potential users of each product should do their own research and determine if the product is right for them.

Views expressed are not necessarily those of, and should not be attributed to, the Federal Reserve Bank of Minneapolis or Becoming Financial.

Today's Agenda

1. Background and goal of webinar
 - a. Americans and savings
 - b. Power of compound interest
 - c. What makes people save?
2. Featured apps
3. Questions

Americans Are Unprepared

- 41% of Americans do not have enough money to cover a \$400 emergency expense

Source: Report on the Economic Well-Being of U.S. Households in 2017, May 2018

Board of Governors of the Federal Reserve System



The Power of Compound Interest

- Earn interest on your saving
- Earn interest on your interest
- Compound interest calculator:
<https://www.bankrate.com/calculators/savings/compound-savings-calculator-tool.aspx>



Psychology behind Saving

How to save when money is tight:

- ✓ Shop smarter
- ✓ Keep the change
- ✓ Pay yourself first
- ✓ Save with purpose
- ✓ Make it automatic
- ✓ Stop using credit cards
- ✓ Create a budget
- ✓ Stay committed to saving
- ✓ Start young to make saving a lifelong habit

Emotional Upside of Saving

- Peace of mind
- Preparedness
- Stress relief
- Ego boost when meeting savings goals

Featured Savings Apps

Featured today:

- Albert
- Acorns
- Long Game
- Digit
- PayGoal

Other apps (see Appendix):

- WINcentive Savings (MN)
- Earn
- Stash
- WiseBanyan



Research was performed by Charleston Clarke, Federal Reserve Bank of Minneapolis



Albert

The best financial advice is simple

- Virtual financial planner offering practical and actionable financial recommendations to help users strategize about their money and improve financial health
- Strong social media presence – uses Albert character as a fun and easy way to teach users financial planning skills
- Albert Genius feature – a team of human financial experts that the user can interact with directly through texting
- Provides smart insights and alerts as well as budgeting

Cost & Fees:

- 1st month free and then user chooses monthly payment

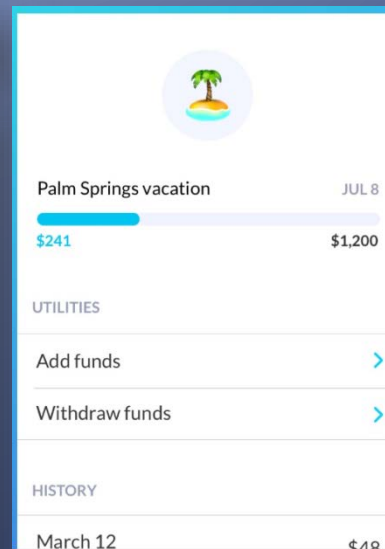
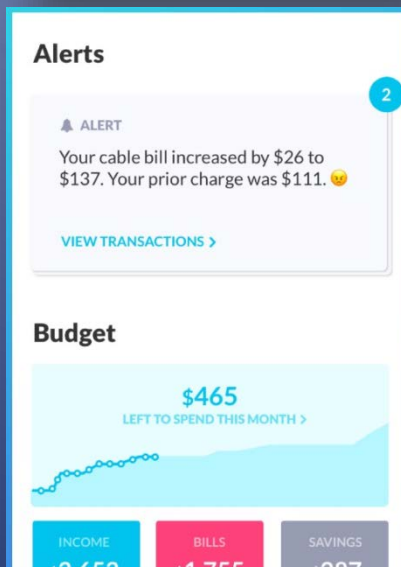
Availability:

- App available to download on iOS app store only

Requirements/Qualification:

- U.S. bank account
- Must have an iPhone

Save Money



Effortlessly



<https://meetalbert.com/>

More on Albert



Business established: 2016

Risks:

- Linking bank account information

Security:

- FDIC insured funds up to \$250,000

Target Market:

- Those looking to improve their overall financial health

Reviews

The New York Times

"Albert, which announced \$2.5 million in seed funding last month, provides a personalized savings account... but it can also look at existing car insurance policies and credit cards and ferret out better deals."

FAST COMPANY

Top ten apps of 2016

"Albert keeps an eye on all my accounts, tells me when my various bills are due, suggests ways to cut costs, and even features a built-in savings account. Everything's in plain English, too."

Forbes

"Albert is a mobile app that offers practical financial advice and partners with financial institutions... to integrate their services through the app."

TECH TechCrunch

"The startup... offers a simple way to track your finances as well as personalized recommendations aimed at boosting your overall financial standing."



Acorns

From Acorns, Mighty Oaks Do Grow

- Micro Investing platform that allows user to choose investment strategy
- **Round-Up Feature:** Connect accounts and cards used to make everyday purchases – all purchases rounded-up to nearest dollar and automatically invested in \$5 increments
- **Found Money Feature:** Acorns partners with a variety of brands that will invest in user's Acorns account when user shops with partners using same linked card
- **Grow Magazine** – money advice and news source available on the app and website

Cost & Fees:

- \$1/month for Acorns
- \$2/month for Acorns + Acorns Later
- Until \$1 million invested

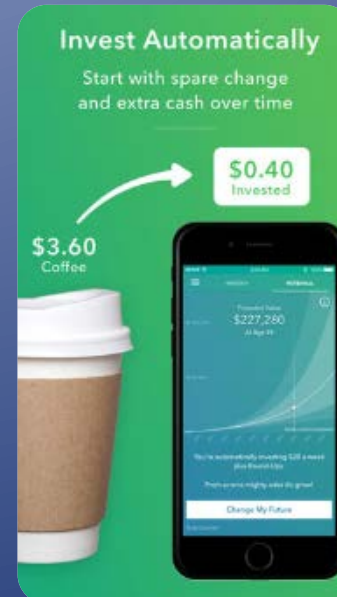
Availability:

- Available on iOS and Android devices
- Download on iOS app store and Google Play store for free

Requirements/Qualification:

- Must be a U.S. Citizen
- Must have a U.S. checking or savings account at a supported U.S. bank
- Must have and provide a SSN

<https://www.acorns.com/>



More on Acorns



Business established: Aug 2014

Risks:

- Linking app to bank/checking account
- Providing Social Security Number




Security:

- Data protected with **256-bit SSL encryption** – never stored on user's devices

Target Market

- Individuals looking for an easy way to invest their money
- Low-income or first time investors

Reviews

 **Shane Fish**
★★★★★ April 22, 2018  13 

Honestly a great tool for "thrifty spenders" like myself who spend the money as fast as it gets DD into my checking acct! I recently needed a withdrawal and very simple funds were there in 5-7 days. One big thing that made me choose Acorns vs a competitors NO MINI-MUM BALANCE required. Its a virtual piggy bank that wisely invests your money. Hands off to Acorns!

Easy, fast, automatic

★★★★★

Oct 8

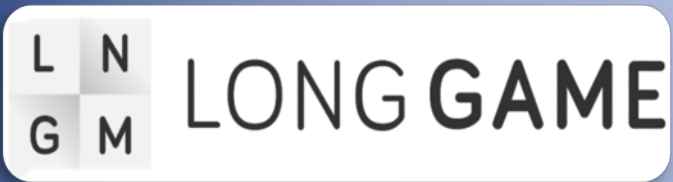
Duckiest Llama

Before starting to use Acorns, I did a ton of research. Like many others, I compared Stash investment app and Acorns. What I liked (and now LOVE) about Acorns is how easy and thoughtless it is to begin investing. To start, I did not want to pour thousands into the market all at once, but I wanted the option to do so later. You can use Acorns just to invest your spare change from a purchase or turn that change into 2x, 3x, 5x, or 10x the amount of the spare change from a purchase. I started my recurring investments low and now have a pretty hefty amount going into my portfolio every Friday. You can see a breakdown of exactly which companies Acorns has invested your money into and what percentage of each investment goes to each company. Be as aggressive as you want or as conservative as you want; there's no right or wrong way to start investing with Acorns!

Whether you want to break into the investment market or just use the app to automatically save money each week, this app makes it unobtrusive and simple. Give it a shot!

“Acorns simplified the often tedious and complex process of investing. But that doesn’t mean the investment strategy is any less sophisticated.”

- **WIRED**



Long Game

Cost & Fees

- Free application
- No fees **ever**

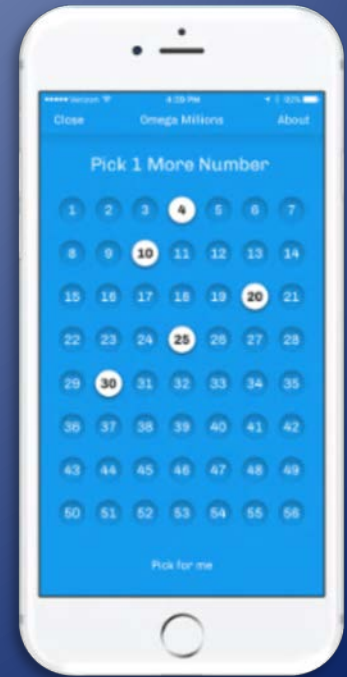
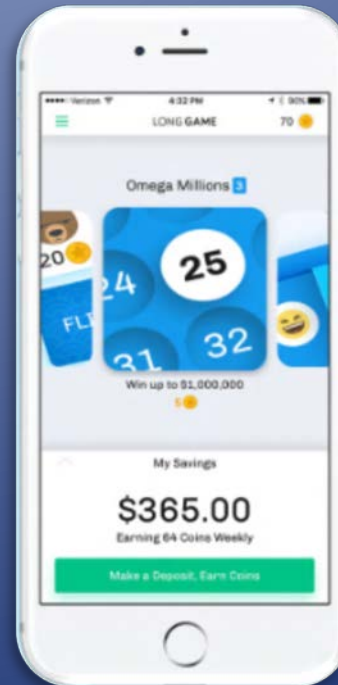
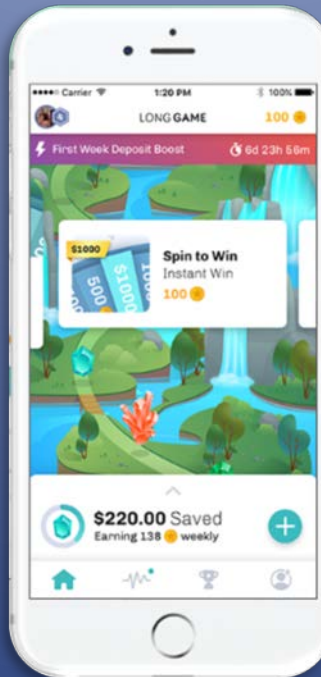
Availability:

- App available to download on iOS app store or Google Play store

Requirements/Qualification:

- Must be 18 years old
- U.S. resident
- Must have a SSN
- Must have a U.S. checking or savings account at a supported U.S. bank

- Free savings account that functions through Prize-Linked Savings
 - Accounts that reward individuals for making, maintaining, and growing deposits over time with cash and other prizes
- Weekly chance for a \$1 million lottery + other prizes
- Weekly Drawings and Instant Win prize drawings





More on Long Game



Business established: 2016

Risks: Offering up/jeopardizing personally identifiable information

Security:

- FDIC Insured
- Info is encrypted and transmitted securely using 256-bit SSL.

Target Market: Americans that need help saving money

Reviews

I love playing games and with Long Game I get to save while doing it. It doesn't even feel like saving, but some time soon, I'll suddenly look and have enough money to go on a trip!

-Brady, from California

"I won only a few days after I got the app... I have now pulled my savings out of my bank and put them into my Long Game account so I can generate coins!"

- Scott, from Tennessee won \$100

"I have to thank you — I no longer gamble and now save money with y'all. I'm saving to pay my student loans and for my car!"

-Tony

"You are earning interest and putting money away, that is the main goal. The games were just a bonus — until I won \$500!"

- Armando, from Florida won \$500



Digit

Save money, without thinking about it.

Cost & Fees:

- 100 day free trial and then \$2.99/month afterwards

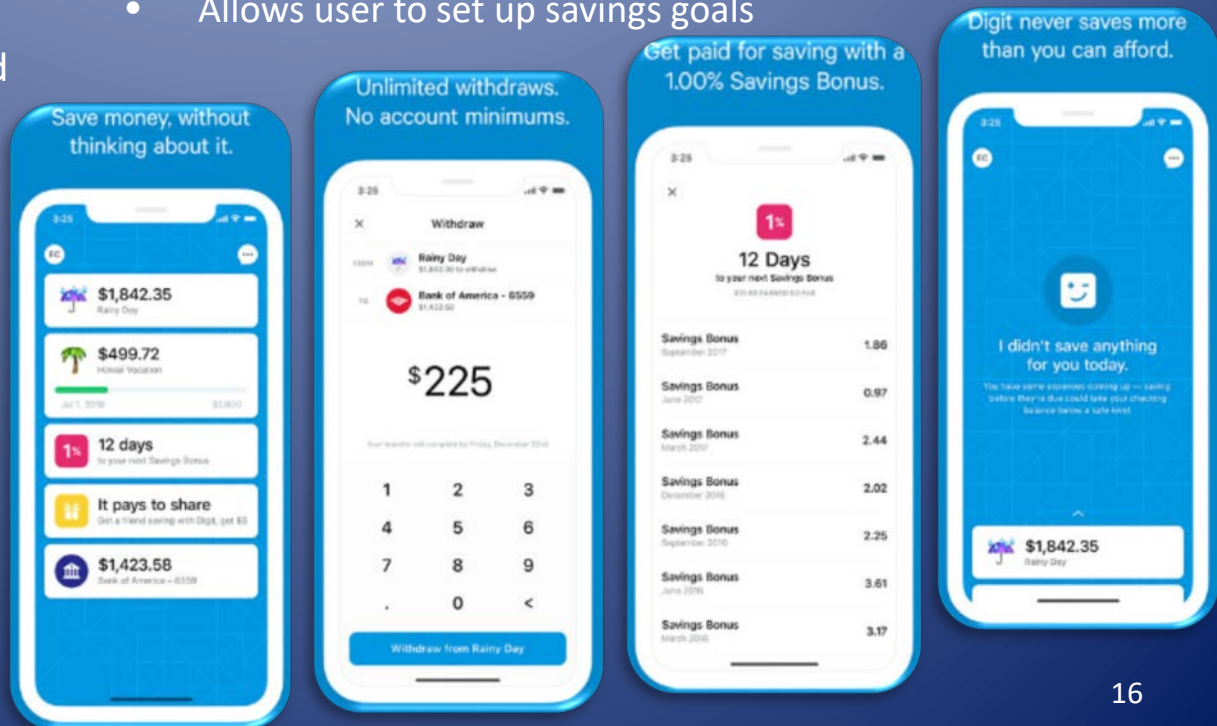
Availability:

- Available on iOS and Android devices
- Download on iOS app store and Google Play store

Requirements/Qualifications:

- Must have a Checking Account in the United States

- **Automated savings** – app calculates how much to save for you, from day to day, based on user's income and spending
- Withdraw money from Digit savings as often as user likes
- Earn 1% annually on Digit savings, paid automatically every 3 months
- No-overdraft guarantee – Digit will reimburse fees for up to 2 instances of overdraft
- Allows user to set up savings goals



<https://digit.co/>

More on Digit



Business established: Feb 2015

Risks:

- Linking app to bank/checking account

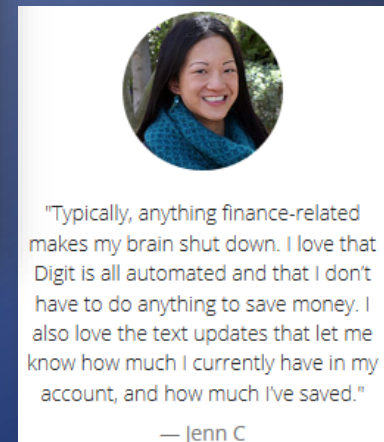
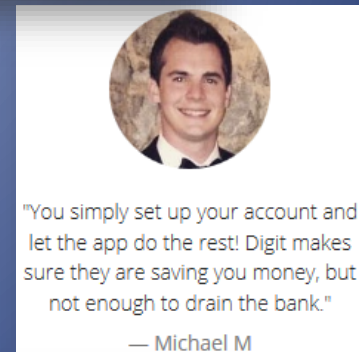
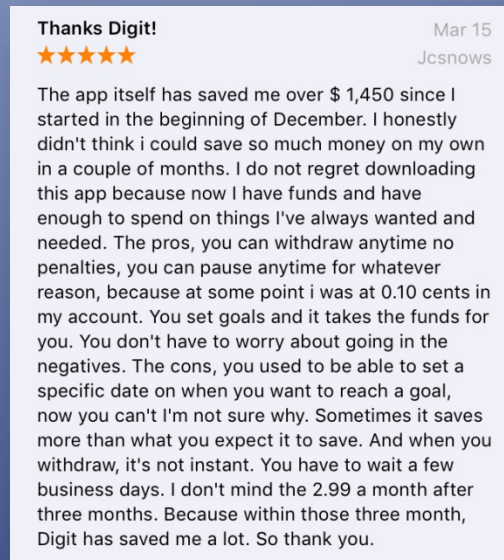
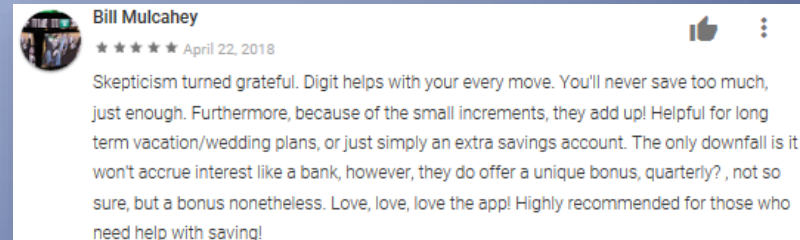
Security:

- Use bank-level SSL **128-bit encryption** and do NOT store bank login
- Funds held at FDIC-insured banks up to \$250,000

Target Market:

- People that need help saving money responsibly

Reviews





PayGoal

Cost & Fees

- No Fees

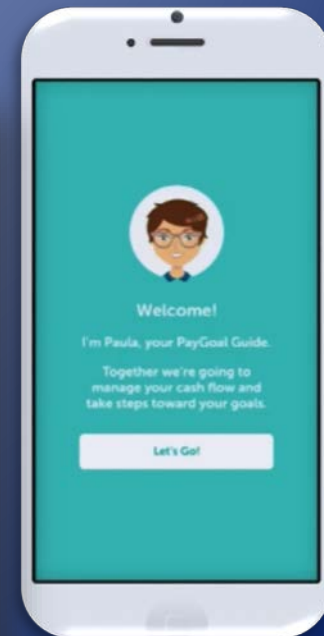
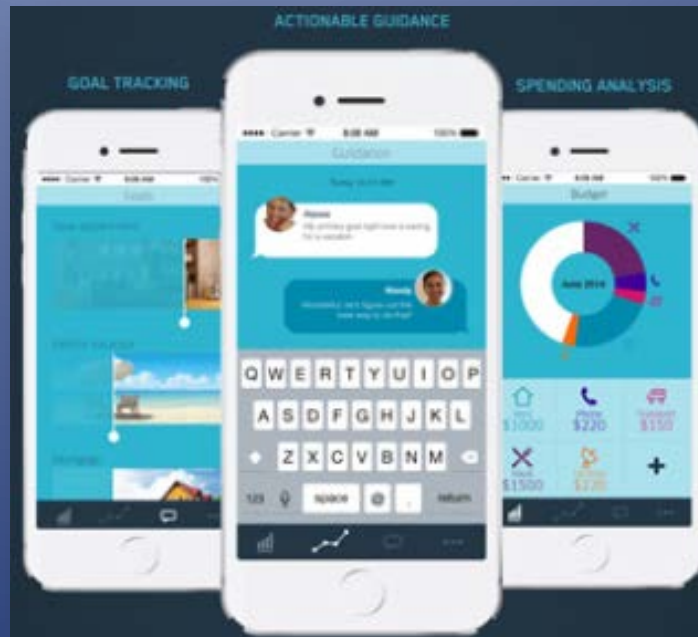
Availability:

- Available as a product through Neighborhood Trust Financial Partners

Requirements/Qualification:

- Must be employed by an employer that is partnered with Neighborhood Trust and offers PayGoal as a benefit

- PayGoal is a technology that is woven into human resources and payroll processes so that workers set financial goals and automate a wage set-aside into goal-oriented accounts or sub accounts
- Provided as a benefit to employees who want support and guidance managing their cash flow
- **Paula** is the avatar/personal advisor persona created as the users' financial coach
- Prepaid card option through BankingUp for users without a transaction account



More on PayGoal



Business established: 2014

Risks:

- Giving PayGoal access to bank accounts

Security:

Target Market:

- Financially underserved workers looking to improve their financial health
- Low and moderate income employees

Reviews

(personal user Anecdote)

"My financial situation is rocky right now. I have student loans and I'm trying to rebuild my credit. Sometimes I work so much, I don't focus on the financial stuff."

- **Efraim Vasquez**, NYC Chef

...after signing up as one of PayGoal's beta users, Vasquez began receiving alerts when his bills were due. By giving PayGoal access to his bank account, he deferred to the app to tell him how much he should pay toward each bill and even complete the payments for him...

"It was like I had someone to watch my back when I was somewhere else not thinking straight...It made me pay more attention to my financial situation."

In Closing

- Plan on attending our next webinar on September 27 featuring cool apps that help people build their credit scores



Other apps that help people build an emergency fund

APPENDIX



WINcentive Savings

“Save money. Win money.”

- Prize-linked savings accounts for MN credit union members with incentives of cash and other prizes
- Accounts limited to one per person per participating credit union
- **Withdrawals** – 2 allowed during 12-month period for a \$10 and \$25 fee respectively. If third occurs, account will be closed and all entries earned up until that point are forfeited. After completing 12 months of savings, 30 day window to make one withdrawal in any amount, penalty free.
- Website also offers savings resources and tips

Cost & Fees

- No fees

Availability:

- Available on iOS and Android devices
- Download on iOS app store and Google Play store

Requirements/Qualification:

- Must be a credit union member in good standing in Minnesota or Wisconsin
- \$5 minimum balance

Amount saved:	\$4,837,924
Number of accounts:	5,460
Amount awarded:	\$40,000+
Number of prizes:	300+

More on WINcentive



Business established:

January 2016

Risks: none

Security: The National Credit Union Administration (NCUA) insures federal credit union deposits up to \$250,000

Target Market: Minnesota and Wisconsin Credit Union members trying to save money

Reviews

Thanks to her parents focus on teaching good savings habits, two-year-old **Amelia P.** was the happy recipient of the \$5,000 WINcentive Savings annual grand prize drawing...

“We love WINcentive Savings and have opened accounts for every member of the family,” said the winner’s mother

“Receiving the annual prize is an exciting way to show our three young daughters the benefits and rewards of saving a little bit each month.”



Stash

Cost & Fees

- \$1/month after 1 month free trial
- Once account reaches \$5,000 a 0.25% yearly fee is charged


Availability:

- Available on iOS and Android devices
- Download on iOS app store and Google Play store

Requirements/Qualification:


- Must start with at least \$5
- Must have and provide a SSN
- Must connect checking account

- SEC registered, personalized investment platform that provides investing guidance and tips
- Investment options: choose from over 30 ETFs carefully selected by Stash investment team based on historical performance, expense ratio, and risk profile
- 4 unique portfolio options that allow users to contribute money to a more customized portfolio
- **Auto-Stash feature:** automatic habitual investment
- Stash offers Traditional and Roth IRA accounts
- Offers a Stash Checking account and debit card
- Offers custodial investing accounts for little ones that allows them to use the money to pay for education and other opportunities one they are old enough




Start with \$5

Become an investor in just two minutes with as little as \$5.



Build your portfolio

We'll help you pick an investment strategy that reflects your interests, beliefs, and goals.



Learn to invest

Keep learning from tips and articles, so you can invest with confidence.

<https://www.stashinvest.com/>

More on Stash



Business established: Feb 2015

Reviews

Risks:

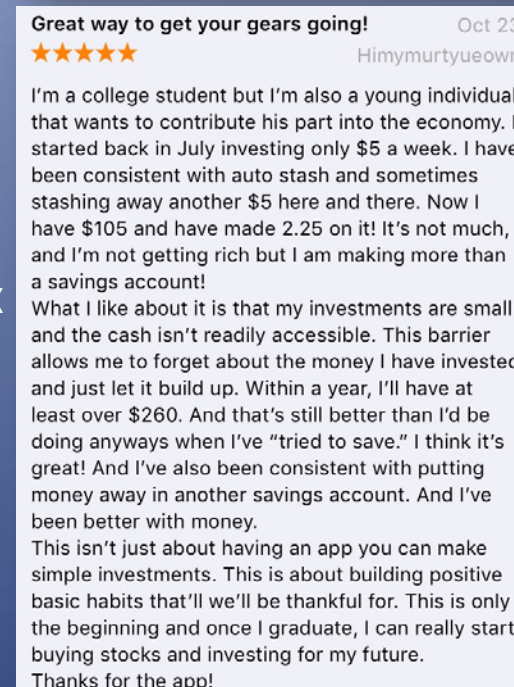
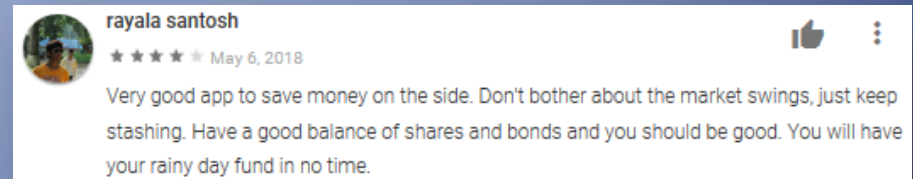
- Linking app to bank/checking account
- Providing Social Security Number
- Investments are not FDIC insured

Security:

- Investments with Stash are protected by the Securities Investor Protection Corporation (SIPC). All holdings and cash are held @ APEX Clearing Corp
- Data protected with 256-bit SSL encryption

Target Market:

- Individuals looking for an easy way to invest their money
- Low-income or first time investors



“While some micro-investing tools do the work for you, Stash lets its users build their own portfolio by suggesting investments that match up with their own beliefs, goals, and tolerance for risk.”

- **TC TechCrunch**



WiseBanyan

- The world's first free financial advisor (Robo-Advisor)
- Savings and Investment platform
- Built on 2 pillars
 1. Minimizing fees as much as possible
 2. Help people start investing sooner
- Planning progress function is a page with specific recommendations for each user
- **WiseHarvesting** feature – looks for tax deduction opportunities – 30% of users opt in
- Options upon signup
 - Rainy Day fund/Emergency fund
 - Retirement fund
 - Custom fund (ex. Trip to Mexico)
 - Build wealth

Cost & Fees:

- Free Service
- Offers premium packages

Availability:

- Available on iOS and Android devices
- Download on iOS app store and Google Play store

Requirements/Qualification:

- Must connect checking account
- Must have and provide SSN
- Requires address and employers address
- Minimum starting deposit of \$1

More on WiseBanyan



Business established: 2014

Risks:

- Providing SSN and bank account information
- Investments are not FDIC insured
- No overdraft protection on free mode


Security:



- Bank-level security that fully encrypts, stores and protects personal data
- All cash and securities held in client accounts are protected by SIPC up to \$500,000 with a limit of \$250,000 for cash

Target Market:

- Employees of select employers looking to avoid fees and predatory lending
- Employers looking to reduce employee turnover

Reviews

 **Joe Reed**
★★★★★ July 31, 2017

 
4

I use the app for an alternative to a savings account. Automated amount in each week and I don't need to think about it. The returns are generous in comparison to a savings account, and they're generally good about getting back to you with any questions or concerns with their service team.

Awesome app for savings

Dec 7



FlamingCheetos

Love it! Great money app. Super easy to save money and invest.

I've been able to customize a lot of things on WiseBanyan which is great. Now I have my own goals, been able to do deposits really easily, set up an autodeposit to match my paydays. Watching it all work and earn money is one of the best parts. Plus it's all free



Earn

- Earn is a nonprofit micro-savings provider that helps working families achieve prosperity through savings
- Launched innovative online program in 2017 called **SaverLife**, helps low-income households establish a regular habit of saving and building a financial cushion
- Partner with 100+ mission-driven organizations across the nation to help individuals build lifelong habits of saving

Cost & Fees

- Free service

Availability:

- Available through Earn's online program called SaverLife

Requirements/Qualification:

- Must be employed by employer that offers benefit/service



America has a crisis

47% of Americans cannot access \$400 in an emergency without going into debt or selling something.



Saving is the solution

Families with savings of \$250 to \$749 are less likely to be evicted, miss a payment, or receive public benefits.



SaverLife creates prosperity

SaverLife is transforming how low- to moderate-income Americans use financial technology to save.

<https://www.earn.org/>

More on Earn



Business established: 2001

Risks: Offering up/jeopardizing personally identifiable information

Security:

Target Market: American workers looking for help saving money

Reviews



"I hadn't really been shown how to save, and it wasn't part of my life before. I had feelings of shame and guilt, not knowing how to do this. **Now I know it's not as hard as I thought.**"

- Alaina, Washington



"Now I feel like **saving isn't this big exhausting thing where you're failing all the time.** It's manageable and it allows me to have more freedom."

- Carolyn, California



"Just living paycheck to paycheck. That's where I was when I started SaverLife. **It's a good feeling to be able to save and put money away.** I'm proud of myself for sticking to it."

- Cynthia, California

"EARN provides programming that gets our clients into the habit of saving, and they get rewards. It's a win for bout our clients and us!"

