Savings Network

September 10, 2019, 2:00-3:30pm ET

Today’s Topic:
Understanding Racial Economic Inequality and Savings Behavior
Welcome

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Housekeeping

▪ This call is *being recorded* and will be mailed to registrants and available online within one week.

▪ **This is a group discussion**! However, all webinar attendees are muted at the start to ensure sound quality.

▪ **Share comments or ask questions** at any time by *raising your hand* to be unmuted or typing the question into the text box on the control panel.

  *Tip: Phone audio works best.*
  *Be sure to enter your audio PIN!*

▪ If you experience any technical issues, email *gotomeeting@prosperitynow.org*.
Getting the Most Out of Today’s Call

- Join from a quiet space
- Grab a coffee or snack and settle in
- Engage! Send us your questions and comments as you listen
- Reflect on ways to apply what you learn today to your own work
Prosperity Now’s mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.
Today’s Agenda

✓ Getting to Know You and Your Community
✓ Brief Overview of the Racial Wealth Divide
✓ How to Create Human Centered Programs with Racial Equity in Mind
✓ Practitioners’ Panel— Exploring racial wealth equity journeys in the asset-building field
✓ Group Discussion and Q&A
✓ Next Steps & Close
Updated Objectives of the Savings Network

▪ **Learn** about policy solutions that support savings, including the future of federal matched savings, and provide a space for members to provide input and shape policy ideas.

▪ **Explore** how racial equity can be centered and advanced in the design and implementation of savings solutions.

▪ **Understand** the barriers and challenges that households, particularly households of color, face around savings and the role of services and policies in removing them.

▪ **Share** innovations, resources, insights, challenges, and successful practices with programs similar (and different) from each other.

▪ **Learn** about the range of savings products and solutions available and how they can be used to meet savings needs of clients, especially those with very low incomes.
Joining Forces: Savings Network & Racial Wealth Equity Network

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Today’s Speakers

Marquita Robertson  
(she/her)  
Executive Director  
The Collaborative of NC

Carlos Garcia  
(he/him)  
Director of Economic Opportunity,  
Neighborhood Partnerships
Poll Question #1

Were you on our previous webinar?

- Yes
- No
- No, but I listened/watched afterwards
- Other
Poll Question #2

Does your organization provide savings programs or products to communities of color?

- Yes
- No
- Not sure
Understanding Racial Wealth Inequality and How to Talk About It
Discussing Racial Wealth Inequality

**FALSE** narrative:
There is a system that works, and communities of color are doing something wrong

- In their finances
- Lack of planning in savings
- Personal decisions

**TRUE** story:
Our economy is designed to reward the existing wealthy and leave others behind

- An upside-down tax system
- Residential economic segregation
- Lack of investment in disenfranchised communities
Four Levels of Racism

- Internalized Racism
- Interpersonal Racism
- Institutional Racism
- Structural Racism

Source: Applied Research Center
## Individual versus Systemic

### Individual Levels of Racism:
- **Internalized Racism**: the set of private beliefs, prejudices, and ideas that individuals have about the superiority of whites and the inferiority of people of color.
  - Among people of color, it manifests as **internalized oppression**.
  - Among whites, it manifests as **internalized racial superiority**.
- **Interpersonal Racism**: the expression of racism between individuals.

### Systemic Levels of Racism:
- **Institutional Racism** is discriminatory treatment, unfair policies and practices, inequitable opportunities and impacts within organizations and institutions, based on race.
- **Structural Racism** is a system in which public policies, institutional practices, cultural representations, and other norms work in various, often reinforcing ways to perpetuate racial group inequality.
A Systems Approach

- **System**: “A system is an interconnected set of elements that is coherently organized in a way that accomplishes something.” – Donella Meadows
  - E.g. engine, household, economy

- **Systems Thinking**: A conceptual way of seeing the world and exploring the interrelation between parts and wholes, so we can focus on adjusting systems in order to help improve outcomes.
Financial lives of LMI people and communities of color are complicated and often unstable
- Often severe month-to-month fluctuations in income and expenses
- Little or no emergency savings cushion
- Informal and personally customized savings strategies are common

These challenges are not a product of individual choices, but a result of designed systemic and structural barriers.

**Racial Economic Inequality and Savings**

<table>
<thead>
<tr>
<th>Race</th>
<th>Liquid Asset Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black Households</td>
<td>62.7%</td>
</tr>
<tr>
<td>Latino Households</td>
<td>62.5%</td>
</tr>
<tr>
<td>White Households</td>
<td>31.7%</td>
</tr>
<tr>
<td>Asian Households</td>
<td>27.9%</td>
</tr>
</tbody>
</table>

Source: Survey of Income and Program Participation

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Our Framework: The Continuum of Savings Needs and All-in-One Solutions

NOW
needs to manage income shortfalls/expense spikes
(product options: emergency savings products/programs, safe, affordable earned wage access products)

SOON
needs to save for short- to medium-term goals
(product options: savings accounts, matched or incentivized savings programs)

LATER
needs to save for long-term goals
(product options: retirement accounts, college savings products)
Designed Barriers to Savings

Shifts in the employment market
- Stagnant wages and a minimum wage that has not kept up with the costs of living, decline of unions and labor rights, increases in contract labor, etc.

Federal and state policy
- An upside-down tax code that perpetuates the racial wealth divide, elimination of federal programs, savings penalties.

High levels of debt and the high cost of credit
- Predatory lending targeted to communities of color, increasing and racially disproportionate troublesome debt.

Financial services system
- Historic and present-day underservice, predation, and unresponsive products and services for communities of color has led to distrust in traditional financial institutions.
People Need More Responsive Solutions

These barriers all disproportionately impact low wealth people and communities of color.

To truly and fully address these challenges, we need a dramatic shift in policy and institutional practices

What can financial service programs do?

▪ While we must work on systems-level interventions, we need to also identify how to help households overcome these barriers through responsive savings programs.

▪ An understanding of racial economic inequality and the barriers to savings need to be integrated into program design and delivery
Human Insights Approach

Engage clients and stakeholders throughout

Repeat...sometimes over and over

Discover
Design
Test

PROBLEM

INNOVATION
How the client explained it

How the project manager understood it

How it was implemented

How the client experienced it

What the client really needed
What needs to happen to address the Client’s Wants/Needs

- Ask the client
- Understand the challenge
- Draft a Journey Map
- Diagnose Barriers
- Ask the client “Does it Work?”

DISCOVERY
Designing the Solution

Internally
- Organizational conversations about race and equity
- Apply racial lens to the policies and practices

Externally
- Why does the practice exist?
- Does it create unnecessary barriers for client?
Test and Repeat

Discover
Evaluate
Test
Design
Audience Q & A
Panel Discussion
Panel Discussion

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Audience Q & A
Group Discussion and Q&A

- Feel free to ask the speakers any questions using the chat box!
- Also add your reflections and ideas for conversation:
  - Discuss which areas of savings policy you think should be prioritized at the federal and state levels
  - Share what exciting savings policy developments you have seen at the local and state levels
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Today’s Speakers

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Next Steps and Wrap-Up
Next Steps

▪ Visit our **Advocacy Center** to stay up to date with advocacy efforts.

▪ Please **complete the survey**!

▪ Sign up for other **Networks and Campaigns** to stay in the know about issues you care about

▪ Let us know your **suggestions** for future call topics
Plug into the Prosperity Now Community

Sign up for listservs and working groups, volunteer to facilitate peer discussions, serve in a leadership role and more!

- Financial Coaching Network
- Racial Wealth Equity Network
- Affordable Homeownership Network
- Adult Matched Savings Network
- Taxpayer Opportunity Network
- Campaign for Every Kids Future — Children’s Savings Accounts
- Health & Wealth Network
- Innovations in Manufactured Housing (I’M HOME) Network

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Take action with Prosperity Now Campaigns!

Sign up to stay informed about the latest developments and opportunities to take action by joining one of our four federal policy campaigns.

**HOMEOWNERSHIP**
Homeownership is key to building wealth. Together, we will advocate for products and policies that provide more affordable homes to more people.

**CONSUMER PROTECTIONS**
Consumer protections create fairer, more transparent financial markets. Together, we will ensure consumers keep the safeguards they deserve.

**SAFETY NET**
Safety net programs help protect vulnerable individuals and families from falling deep into poverty. Together, we will protect programs like SNAP, IDAs and more to help those in need when they need it most.

**TURN IT RIGHT-SIDE UP**
The vast majority of tax incentives go to those at the top, not to those who need it most. Together, we will turn our upside-down tax code right-side up.

Visit any of the Campaigns above at [https://prosperitynow.org/take-action](https://prosperitynow.org/take-action) to learn more and join.

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Thank You!

Please complete our survey and we’ll see you November for our next webinar!