Positioning Low-income Youth for Economic Mobility

MyPath’s Innovations in Products, Systems and Financial Education

August 18, 2014
The Need: Economic Mobility

Children’s Chances of Getting Ahead or Falling Behind, by Parents’ Family Income

- Percent adult children with income in top quintile: 39%
- Percent adult children with income in fourth quintile: 23%
- Percent adult children with income in middle quintile: 14%
- Percent adult children with income in second quintile: 15%
- Percent adult children with income in bottom quintile: 9%

Parents’ Family Income Group

Source: PSID data tabulations of family income averaged over several years and reported in 2006 dollars.
Mission SF Vision

Mission SF positions low-income youth and young adults to take control of their personal finances by ensuring they have:

1. Access to quality financial products,
2. A working knowledge of personal finance best practices, and
3. A social support system to develop and sustain sound financial habits.

When we do this, we promote upward economic mobility and cultivate a stronger, more sustainable economy.

Mission SF also focuses on data-driven programming and third-party, academic evaluations.
• Problem: Few financial institutions offer products that are tailored to meet the needs of low-income populations, especially youth.

• Innovation: Mission SF worked with Self-Help Federal Credit Union to develop MyPath: Savings accounts for youth, and Credit Builder Loans for young adults.
“I have a bank account, but it’s in my mom’s name, so I can’t even cash a check or take out money without my mom there. So it (the MY Path account) was a safe place to keep my money and make a deposit or do whatever I needed.”
Problem: Most workforce development programs don’t put their youth on payroll, opting instead to pay with paper checks that are immediately turned into cash.

Innovation: Mission SF helps workforce development programs implement direct deposit for all of their youth and young adults, with an automatic split into savings or payment on a credit builder loan.
MY PATH™
SAVINGS PROGRAM OVERVIEW

$\quad$ Check $\quad$ $

MY Path™ Savings Account

- The percentage of each check you chose to save will be auto-deposited into this account.
- At the end the program the MY Path savings will be automatically transferred into a regular savings account at Community Trust.

Regular Savings Account

- The rest of your check is deposited into this account.
- If you have an existing bank account, you can use it. If not, you will get one at Community Trust.
- At Community Trust, you can access the money in this account using an ATM card.
- You may keep this account open as long as you want.
Mission SF: Innovation in Education

- Problem: In-person, peer-to-peer education has powerful impact on youth behavior, but is difficult to scale.

- Innovation: MyPath Online, a suite of web-based activities to complement peer-led sessions.
Results: **Savings Habit Formation**

*Do you save a portion of your income/allowance?*

![Bar chart showing savings habits before and after MY Path.]

- **Do not save:**
  - Pre-MY Path: 20.0%
  - Post-MY Path: 1.8%

- **A little:**
  - Pre-MY Path: 46.0%
  - Post-MY Path: 21.1%

- **About half:**
  - Pre-MY Path: 22.0%
  - Post-MY Path: 38.5%

- **Most of it:**
  - Pre-MY Path: 12.0%
  - Post-MY Path: 38.5%
Research Question: How can MY Path be adapted to become more scalable in order to increase its reach?

- Testing two versions of MY Path with different levels of in-person adult and peer support.
- Interactive MY Path online activities with incentives to promote financial behaviors.
- Comparing outcomes of high and low touch groups to those of control groups.
- Launch in two new cities in the Summer of 2015