



Connecticut Association for Human Services
110 Bartholomew Avenue · Suite 4030
Connecticut 06106
www.caHS.org

Luis Caban, President
James P. Horan, Executive Director
Hartford,
860.951.2212
860.951.6511 fax

Banks Committee
Testimony of Jillian Gilchrest, Assistant Policy Director
Connecticut Association for Human Services
HB 5564, An Act Encouraging Increased Savings Deposits
Thursday, March 7, 2013

Good afternoon Senator Leone, Representative Tong, and members of the Banks Committee. My name is Jillian Gilchrest and I am the Assistant Policy Director at the Connecticut Association for Human Services. CAHS seeks to end poverty and empower all families to build a secure economic future.

CAHS worked to establish Connecticut's Earned Income Tax Credit and we are the Annie E. Casey foundation KIDS COUNT grantee for the state of Connecticut. CAHS also operates Volunteer Income Tax Assistance sites throughout the state and the Connecticut Money School, providing financial capability training to thousands of residents. Most recently, CAHS founded Bank On, a program that partners with financial institutions to reduce the high number of people in Connecticut without any bank account.

In our research and program work, CAHS has learned a great deal about the importance of savings and sound money management in helping families build a secure economic base and better future for their children. We are therefore in favor of HB 5564, allowing the establishment of "prize linked savings," although we would suggest that the bill have explicit language to link accounts to financial capability trainings, similarly to Connecticut's Individual Development Account Initiative (IDA).

According to the FDIC, an estimated 73,000 households and about 75% of those unbanked earn an annual income of \$30,000 or less¹. Given the current economic environment, it is even more important to encourage Connecticut residents to build assets within mainstream financial institutions. Doorways to Dreams, a non-profit that works on savings innovations for low-income consumers, has been working on “prize linked savings” for five years. Of the programs up and running, they are finding that more than 64% of individuals who opened prize linked savings accounts rolled their savings over to the next year and more than 50% have been saving for more than 2 years. More than half of those people had never saved before².

CAHS is supportive of HB 5564, An Act Encouraging Increased Savings Deposits, but asks that the Committee link this legislation to financial capability trainings. Currently, the state does this through the Department of Labor’s Individual Development Account (IDA) Initiative, where one of the major objectives of the IDA program is to facilitate financial education opportunities that will provide participants with the knowledge necessary to build their assets and use these assets in the most effective way.

Thank you for your attention to this very important matter.

¹ Federal Deposit Insurance Corporation. (2009, December). FDIC national survey of unbanked and underbanked households.

² <http://www.d2dfund.org/>