

Family Living Programs

Northwoods Saves:

Helping Families Down the Path to Financial Security

Situation

The national economy is reeling from the stock market collapse, domestic terrorism, corporate scandals and threats of war. The state is facing the largest deficit in its history. Many northern Wisconsin families are experiencing a great deal of financial stress and insecurity, especially in light of a number of layoffs and shut downs of major local employers. Credit card debt is at record levels.

With northern Wisconsin family incomes below the state average and well below the national mean, it is more important than ever to help families learn to develop savings and increase their financial security. Yet households are discouraged from saving by the lack of value society places on saving and their own pessimism about their ability to build wealth. However, research shows that even low-income families are able to save if they are provided encouragement and support.

Response

For the past year and a half, an effort has been underway to develop Northwoods Saves, in conjunction with America Saves, a social marketing campaign designed to promote the importance of saving and develop greater financial security among low- and moderate-income families. Initially, a three-county service area was identified that included Oneida, Vilas and Forest Counties. Local steering committees were established in Rhinelander, Minocqua/Woodruff/Lac du Flambeau, and Crandon. Through a grass-roots effort, a unique new partnership has been created between local financial institutions, employers, educators, churches, tribes and community organizations to promote saving and make “paying yourself first” a social norm for Northwoods families.

Financial institutions in the area were invited to be part of Northwoods Saves. They were each asked to provide a no-fee/no-minimum savings product to Northwoods Savers, participate in steering committee meetings, and make a financial contribution. To date, six banks and credit unions with 15 branches in the area have signed on as partners.

Eight “savings coaches” were trained. These individuals make follow-up calls to savers after they enroll to review their savings goal and savings plan, and to offer additional support from a financial counselor, for help to set up a budget, or a financial planner, to review their financial plan. Ten volunteers have been trained and have agreed to provide financial counseling sessions in the future.

Outcomes

Since launching *Northwoods Saves* in May 2002, 108 savers have enrolled. Ninety of the savers were contacted by a “savings coach”, about twenty percent met with a financial counselor and three met with a financial planner. The most frequently identified savings goal is an emergency fund (44%). Other goals include retirement, vacation, gifts, college and taxes. Through November 2002, Northwoods Savers have committed to saving a total of \$54,210.

Since August 2001, a total of \$26,000 in contributions and grants have been received to support this project. The largest, \$10,000, came from the Consumer Federation of America, the national sponsor of *America Saves*. The remaining funds came from local financial institutions, businesses and agencies. Another \$10,000 is pledged thus far to continue the campaign in 2003.

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