

The Expanded Child Tax Credit

An American Experiment in Financial
Security: What We Learned and What
Families Stand to Lose



In July 2021, the Biden Administration launched one of the most ambitious anti-poverty programs in history within the American Rescue Plan — the expanded Child Tax Credit (CTC). Millions of families received monthly payments of \$250-\$300 per child for six months.

Since the first payments went out, SaverLife has tracked the impact on families through bank account data, surveys, and interviews. Families told us how the expanded CTC meant more food on the table, help with childcare so parents could go to work, and the ability to save for the future. We observed how enhanced tax credits led to better financial outcomes for families.



These payments are not luxuries. Well before the pandemic, low-to moderate-income households were waging an uphill battle against poverty and inequality—especially families of color, who have historically been overlooked and underserved. Taking this money away from families is stripping them of an essential lifeline. These credits represent food in the mouths of the country’s most vulnerable children. This money prevents families from choosing between paying for medicine or keeping the heat on in the winter.

This paper shares insights on the impact of six months of expanded payments on SaverLife members who received the credit and highlights what families stand to lose. These members are 80% female and 59% people of color and earn, on average, \$25,000-\$35,000 a year.

Key Takeaways

CTC Payments...



Bolstered families’ finances—92% of members polled said they made a difference, with 59% saying they made a huge difference.



Provided stability and enabled parents to provide necessities such as food, clothes, and other essentials so that children could go to school and parents could go to work.

For example, CTC payments enabled members to stay on top of critical utility bills and make larger payments starting in July 2021.



Empowered members to keep savings balances stable, creating a foundation for long-term financial stability.

Expanded CTC Payments Had an Indisputably Positive Impact on Members

92% of Member Recipients Say Payments Helped Their Families

When polled about how helpful the monthly Child Tax Credits were for member recipients, 92% said they were helpful and made a difference. **Additionally, 59% said they made a considerable difference.**¹



I was able to afford new clothes for my daughter when she started kindergarten. **Having the payments now... has helped a lot with paying for childcare which is super expensive.**

— Rhiannon, Ohio

Members Used Expanded CTC for Everyday Expenses



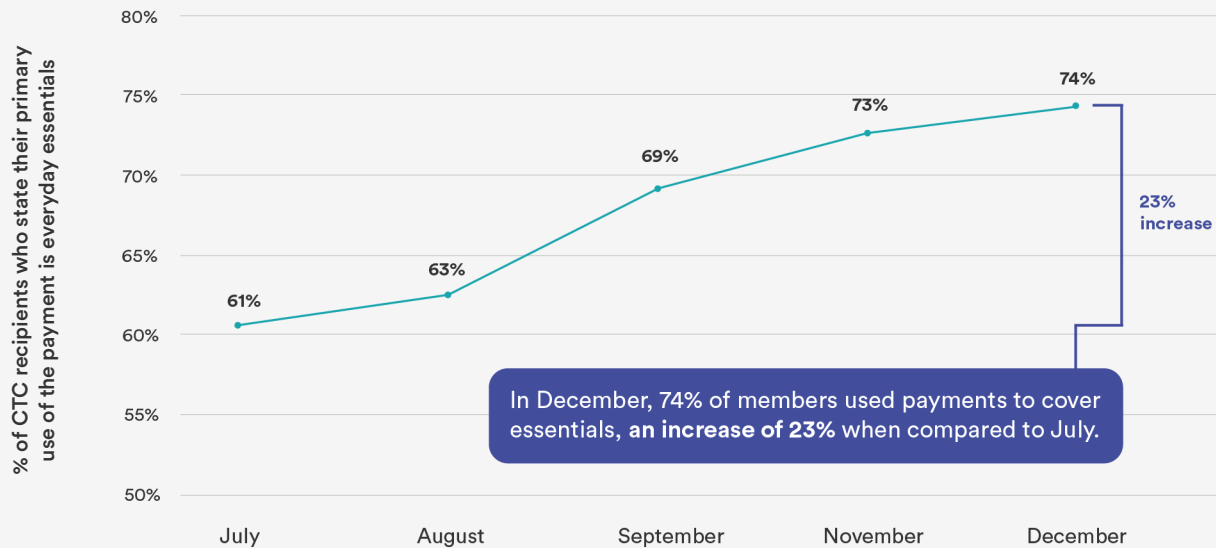
This has helped me with my kids' school clothes and purchase school supplies. We've got to eat better quality food and save some for emergencies.

— Kristin, Arkansas



CTC Payments Enabled SaverLife Families to Meet Their Daily Needs²

Percentage of SaverLife members using CTC payments for essentials.



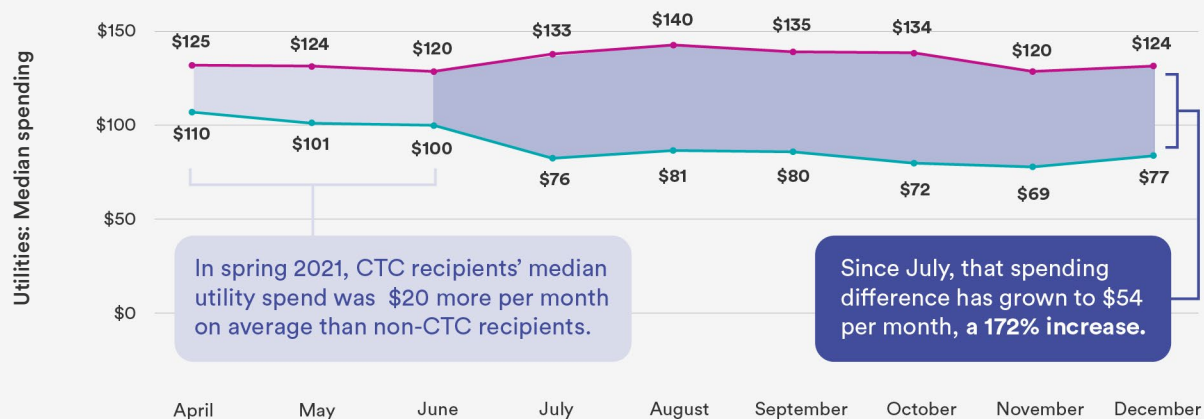
Source: SaverLife

Additionally, members receiving expanded CTC payments could stay on top of critical utility bill payments. In a recent poll of CTC recipients, 49% said since receiving CTC payments, they are “much more likely to pay them {utility bills} on time and in full.” A further 33% said they are “somewhat more likely to pay them on time and in full.”³

CTC Recipients Spent More on Utilities vs. Non-Recipients⁴

The difference in utility payments between CTC recipients and non-recipients grew.

● Non CTC recipients ● CTC recipients



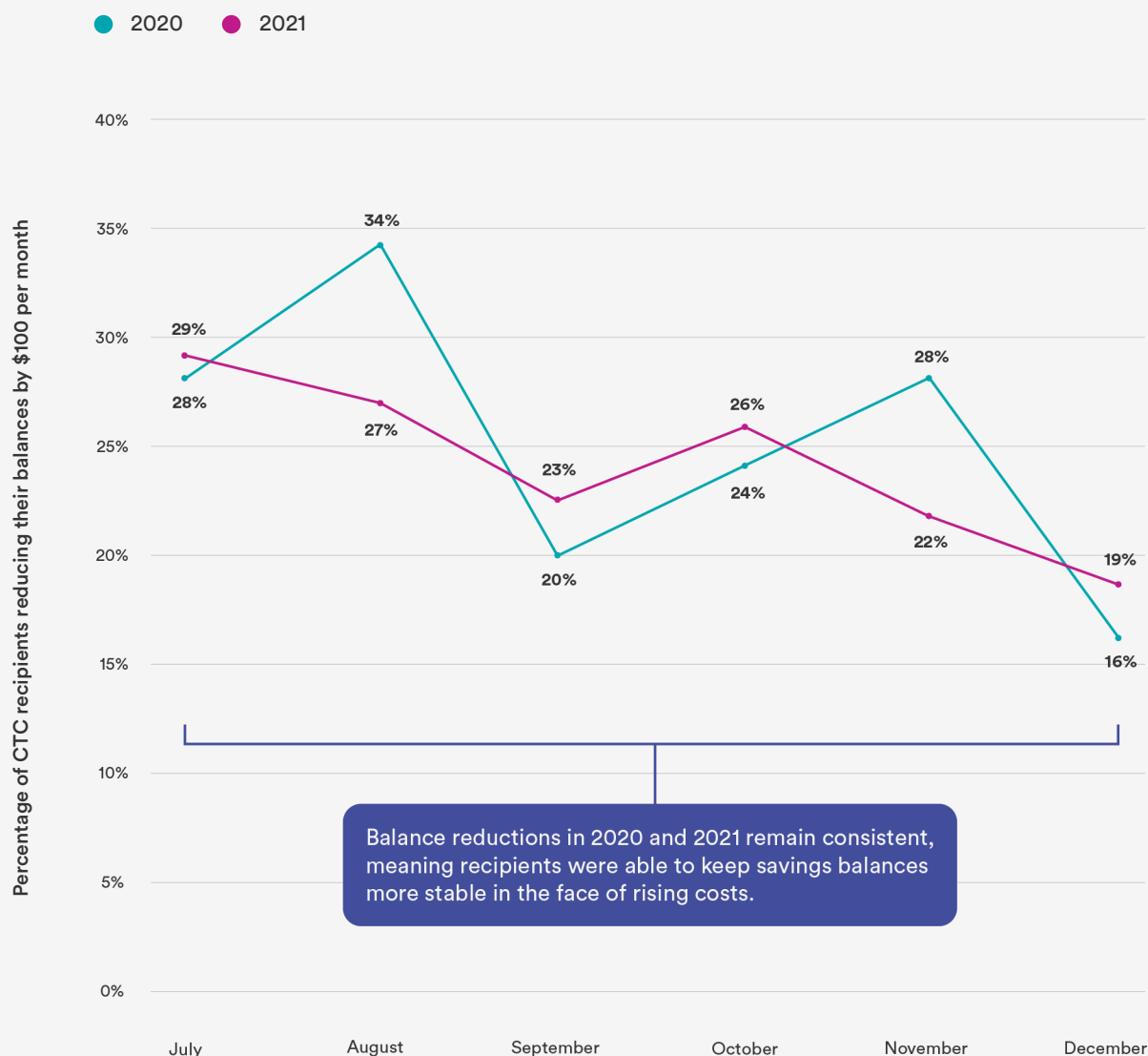
Source: SaverLife

Expanded CTC Helped Families Build Financial Stability

CTC payments are keeping savings balances stable. Since July, bank account data shows that only 24% of CTC recipients reduced their savings balances by \$100 in any given month, slightly less than the 25% average found during the same period in 2020.⁵ **This suggests that because of the monthly CTC payments, SaverLife members were able to keep their savings balances intact even in the face of rising costs.**

CTC Payments Keep Savings Balances Stable Year Over Year

Percentage of SaverLife members receiving CTC payments who reduced their balances by \$100+ in 2020 and 2021.



Source: SaverLife

If Expanded CTC Payments Do Not Continue, Families Will Lose the Financial Security They Worked Hard to Build

Expanded CTC payments helped SaverLife member families afford their daily needs, put food on the table, stay current with bills, and maintain savings balances.

Without these monthly payments, families are losing the opportunity to build consistent financial security. If forced to deplete their savings to cover basic needs, they could also face more dire consequences.

“

I don't feel like I'm drowning in debt. The Child Tax Credit payments are helping us to stay afloat. **Our quality of life month-to-month has improved because we're not as stressed about money.** We plan to use some of the future payments for a surgery our son needs. It's been very helpful for this type of emergency.

— [Rhannon](#), OH

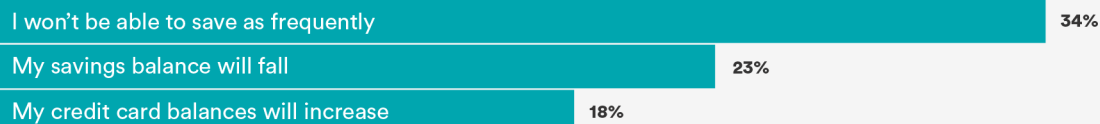


Members tell us how important it is to their family's financial stability that CTC payments continue: 81% told SaverLife it was important for the payments to continue, and of that 81%, 59% said it was “extremely important that the payments continue.”¹

When explicitly asked how the lack of CTC payments would impact members' finances in 2022, members overwhelmingly responded that they would have a more challenging time affording basic needs.¹

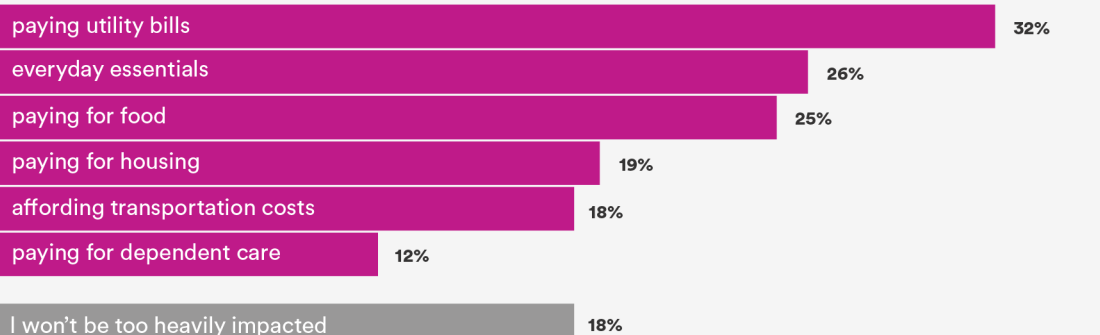
How Will Your Finances Be Impacted If CTC Payments Do Not Continue

Building Financial Stability



Paying for Necessities

I'll have a much harder time:



0% 5% 10% 15% 20% 25% 30% 35%

Percent of Respondents

Source: SaverLife

Early research on the impact of the expanded CTC payments showed that families planned to use the payments to [build a better life for themselves and their families](#) by investing in their children's education, their families' future, and building a better life for the next generation. SaverLife asked, "If you were still getting the monthly payments, what would you use them for?"

“

I'd continue to use it for childcare payments. And if I didn't have childcare payments, I'd put it toward buying a home. I started applying for remote jobs now that I don't have the CTC. I'm using my savings to pay for childcare now.

— Tiffaney, Florida



A permanently expanded CTC could create long-term economic mobility for families long struggling with low wages and inconsistent incomes. Monthly payments provide a consistent source of income, enabling families to keep food on the table, the lights on, and a roof over their heads. When parents know that they can provide necessities for their families, they plan for the future. Financial stability is the foundation of long-term investment in education, home-ownership, and retirement.

“

Being a parent and having a child, it costs money. Childcare alone is at least \$1K to \$1200 a month. On the cheaper side, it's \$700-\$800. Healthcare costs a lot, too. **The CTC helps you set your kid up for success, whether it is for [a] future down payment on her house, future educational pursuit, or anything she wants to do, she has that cushion.**

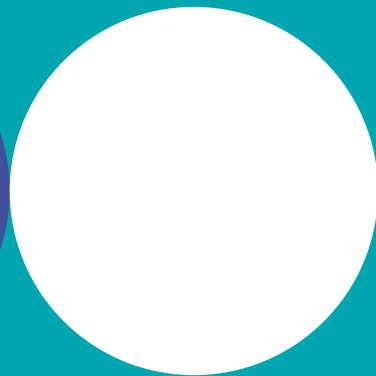
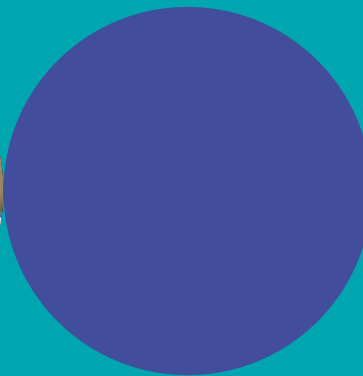
— Gabriella, Nevada



That's why we won't stop fighting for the CTC.

At SaverLife, we believe that all children deserve a strong start and that investing in families means investing in the future.

We will continue to fight in 2022 and beyond for a permanently expanded CTC for the millions of families who have struggled to build financial stability and a hopeful future for their children.



As a nonprofit financial technology company, SaverLife has a unique relationship with our 600,000 members, who are primarily women living with low incomes. Our members share their financial lives with us through bank transactional data, surveys, and interviews so that we can inform nonprofits, reporters, industry experts, and policy-makers on how to create a financial system that works for everyone.

Footnotes

¹ Based on a survey of 801 SaverLife members. Responses were collected between 12/20/21 and 12/23/21.

² Based on 710 survey responses collected between July 20th, 2021 and January 3rd, 2022. Each month, we asked parents who confirmed they've received CTC payments if they can "Tell us what they primarily did with the payment". Note that no data was collected for the month of October.

³ Based on 123 survey responses collected between 12/16/21 and 1/1/22.

⁴ Bank account level data includes SaverLife members who have been continuously linked to the SaverLife platform since January 1st, 2020, and for whom we can see CTC payments deposits into a checking account.

⁵ SaverLife views \$100 as a significant savings balance increase or reduction based on the typical starting balances of SaverLife members being below \$100 coupled with the correlation between balances above \$100 with increased financial satisfaction, decreased likelihood of having to access high-cost debt and decreased likelihood of having utilities shut off. We're ignoring December data as part of balance increase analysis as stimulus payments were distributed in December 2020 which heavily skewed that month's savings rates. We're including December data in balance reduction analysis as to provide the conservative impact.



SaverLife (formerly EARN) is a nonprofit on a mission — to inspire, inform, and reward the millions of Americans who need help saving money. Through engaging technologies and strategic partnerships, we give working people the methods and motivation to take control of their financial future.

For more SaverLife research, please visit about.saverlife.org/research