

INCOME VOLATILITY

Strategies for helping families reduce
or manage it



@AspenFSP



#AspenEPIC



sheds
light on the
economic forces
that affect household
financial stability,
specifically short-term financial
insecurity and short-term savings



how epic WORKS

DISCOVERY

Research Synthesis

Dialogues

Surveys +
Consumer Insights

SHARED
UNDERSTANDINGS
OF THE PROBLEM

SOLUTIONS

Research Synthesis

Dialogues

Surveys +
Consumer Insights

DEVELOPMENT OF
SOLUTIONS FRAMEWORK

CONVERGENCE AROUND
SOLUTIONS THAT MATCH
THE PROBLEM

ACCELERATOR

Refining Solutions

Content Production

Roundtables + Public
Events on Solutions

INCREASED
AWARENESS

LEADERSHIP
BUILDING

ACTION ON
POLICY,
PROGRAM +
PRODUCTS

STRATEGIES
FOR PREVENTING +
MITIGATING INCOME
VOLATILITY

01

UNSTABLE EARNINGS

instability and
unpredictability of
earned income

**IRREGULAR WORK
SCHEDULES**

02

CHANGES IN BENEFITS

changes in public
benefit policies
make transfer
income more
volatile

**CHANGES TO
UNEMPLOYMENT
INSURANCE + WELFARE**

03

HOUSEHOLD CHANGES

family expansions
or deaths can shift
income flows

**CHANGES IN FAMILY
STRUCTURE**

01

STABLE EMPLOYMENT

regular hours,
predictable
earnings and
generous benefits

**PREDICTABLE
SCHEDULING**

02

SAFETY NET

easily accessible
social programs
designed for
volatile incomes

WAGE INSURANCE

**UNEMPLOYMENT
INSURANCE**

03

LIQUIDITY

high-quality cash
management tools,
including savings,
credit and insurance

SHORTFALL SAVINGS

PAYROLL INNOVATIONS

**HYBRID FINANCIAL
PRODUCTS**

STRATEGIES MAY...

PREVENT
INCOME VOLATILITY

MITIGATE
INCOME VOLATILITY

BE IMPLEMENTED BY
A RANGE OF DIFFERENT
STAKEHOLDERS



EMPLOYERS



FINANCIAL SERVICE PROVIDERS



GOVERNMENTS



TECHNOLOGY COMPANIES

01
STABLE
EMPLOYMENT

regular hours,
predictable
earnings and
generous benefits

**PREDICTABLE
SCHEDULING**

02
SAFETY NET

easily accessible
social programs
designed for
volatile incomes

**UNEMPLOYMENT
INSURANCE**

WAGE INSURANCE

03
LIQUIDITY

high-quality cash
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SHORTFALL SAVINGS

PAYROLL INNOVATIONS

**HYBRID FINANCIAL
PRODUCTS**

01

STABLE EMPLOYMENT

PREDICTABLE SCHEDULING

can resolve one of the most significant drivers of income volatility often exacerbated by on-demand scheduling

Belk is a model of fairness and balance between worker + firm preferences: in 2013, they implemented a workforce management tool to give managers local control over employee scheduling.

EXAMPLES



TECHNOLOGY COMPANIES

Workjam
Shyft



GOVERNMENTS

Right to Request
Reporting pay or show-up pay
Call-in or on-call pay
Split shift pay
Advance notice
More hours for part-time workers



EMPLOYERS

Belk
Macy's
Walmart

02

SAFETY NET

UNEMPLOYMENT INSURANCE

is a federal-state partnership that provides income support for workers who have lost their jobs and are actively searching for new positions

While governments must take the lead on UI, other stakeholders can contribute to strategies that expand coverage, promote portability, and reduce the magnitude of income losses.

HOW INSTITUTIONS CAN HELP



FINANCIAL SERVICE PROVIDERS

facilitate public transfers and help make these transfers more efficient



GOVERNMENTS

offer broader earnings insurance



EMPLOYERS

classify employees as full-time rather than part-time or independent contractors so workers receive UI protections

02

SAFETY NET

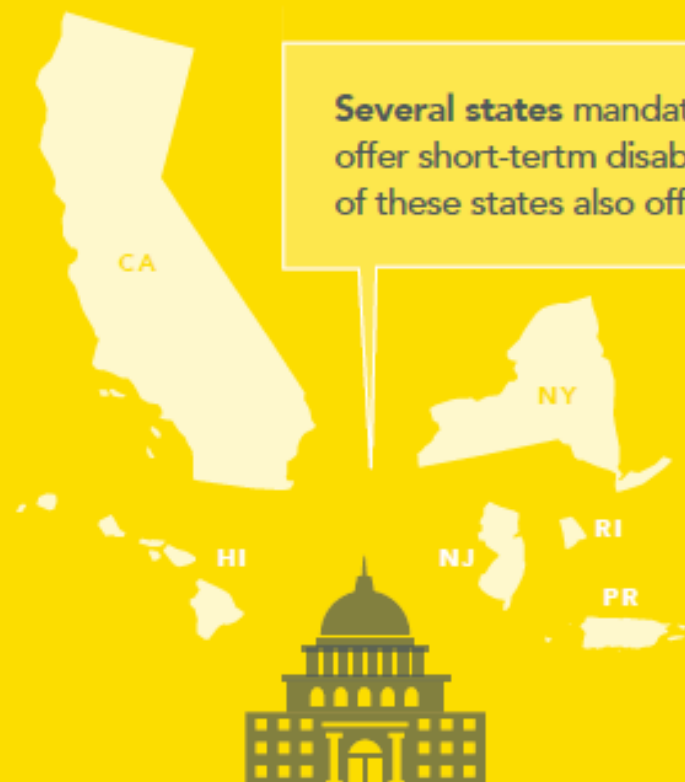
WAGE INSURANCE

is an insurance policy that provides partial replacement of lost wages to workers who are forced to accept pay cuts. It could help workers cope with long-term reductions in earnings.



FINANCIAL SERVICE PROVIDERS

Develop wage insurance products that meet workers' needs at low cost



Several states mandate that employers offer short-term disability benefits. Three of these states also offer paid family leave.

GOVERNMENTS

Support research and piloting efforts on public wage insurance
Evaluate the Alternative Trade Adjustment Assistance program



EMPLOYERS

Offer severance pay
Partner with financial service companies to offer wage insurance to their employees

03

LIQUIDITY

SHORTFALL SAVINGS

build a financial cushion that helps families relieve liquidity crunches

The amount of shortfall savings required to protect families against typical volatility depends on their annual income.

BOTTOM QUINTILE FAMILIES

< \$23,000 IN ANNUAL INCOME

WOULD NEED

\$800

SECOND FROM BOTTOM QUINTILE FAMILIES

< \$23,001 - \$40,500 IN ANNUAL INCOME

WOULD NEED

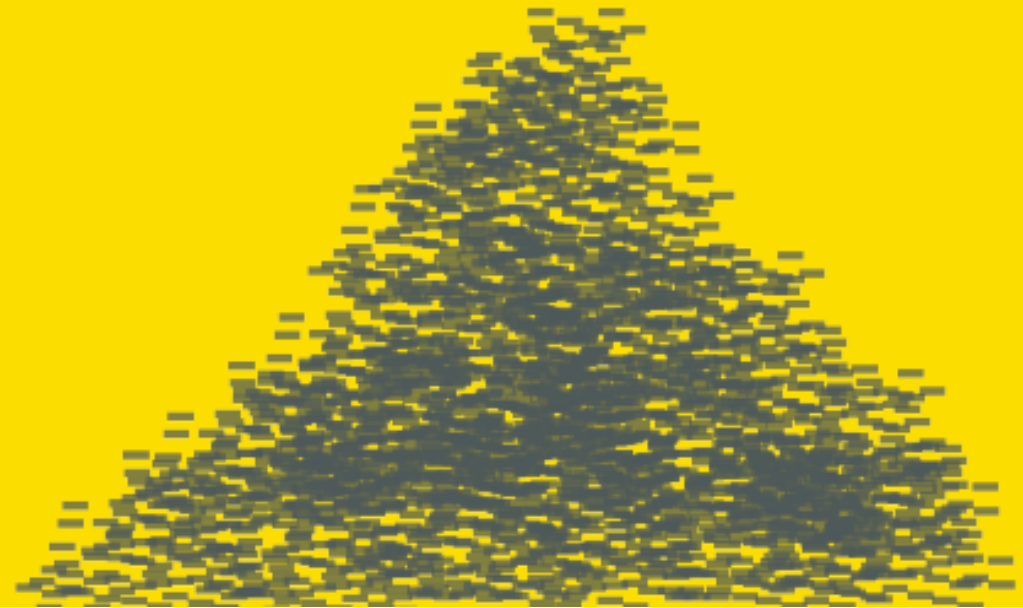
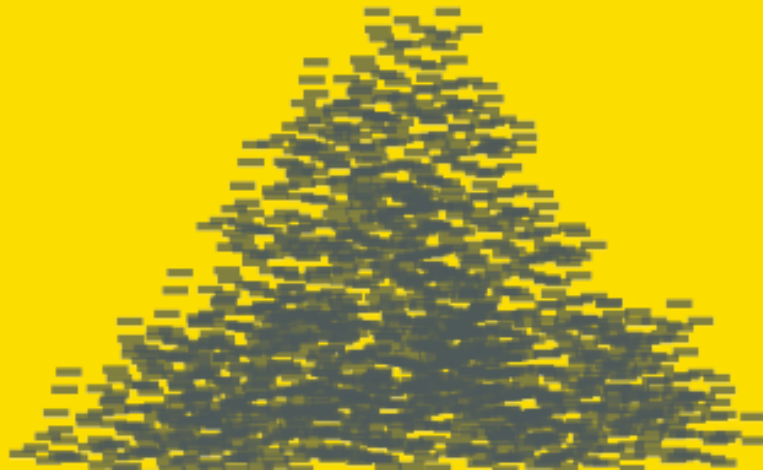
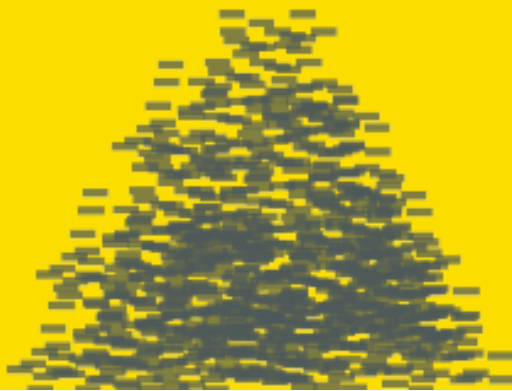
\$1,400

MIDDLE QUINTILE FAMILIES

< \$40,501 - \$63,100 IN ANNUAL INCOME

WOULD NEED

\$2,400



03

LIQUIDITY

PAYROLL INNOVATIONS

are strategies for modifying *when and how* workers get paid in order to give them quicker access to wages earned, paydays that better align with key expenses, customized paychecks, or more interconnected financial accounts

QUICKER + MORE FREQUENT PAYDAYS

	M	T	W	Th
PAYDAY	2	3	4	5
PAYDAY	9	10	11	12
PAYDAY	16	17	18	19
PAYDAY	23	24	25	26

SMARTER PAYCHECKS



03

LIQUIDITY

HYBRID FINANCIAL PRODUCTS

combine the functions of two or more consumer financial products that are generally offered separately, integrated for the purpose of improving people's capacity to effectively manage their money.

SAVE SPEND



FOR EXAMPLE
Walmart's MoneyCard
Digit

BORROW SAVE



FOR EXAMPLE
Self Lender
Lending Circles

SAVE



FOR EXAMPLE
Even
Earn & the Financial Clinic

BUDGET

PAYROLL+



FOR EXAMPLE
DoubleNet Pay
Wage Goal

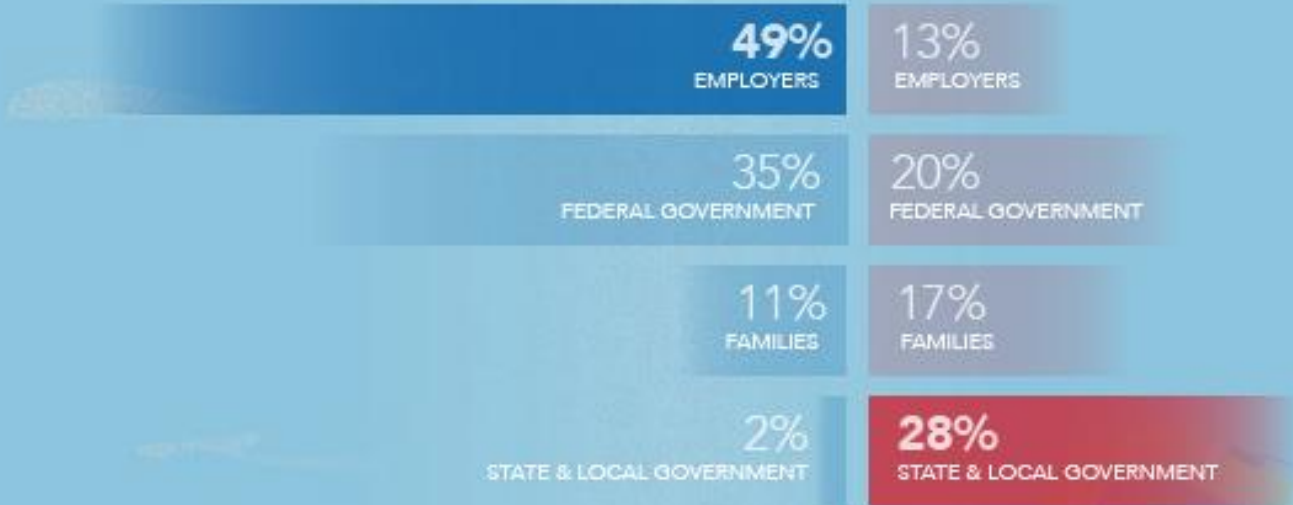
THE BEST POSITIONED

institutions are seen as **unlikely to act** to reduce income volatility, and vice versa.



BEST POSITIONED

MOST LIKELY TO ACT



THE BEST POSITIONED

institutions are seen as **unlikely to act** help families manage volatility, and vice versa.

TRADITIONAL FINANCIAL INSTITUTIONS

EMPLOYERS

FAMILIES

FINANCIAL TECH FIRMS

FEDERAL GOVERNMENT

BEST POSITIONED

MOST LIKELY TO ACT

34%

TRADITIONAL FINANCIAL INSTITUTIONS

11%

TRADITIONAL FINANCIAL INSTITUTIONS

25%

FEDERAL GOVERNMENT

13%

FEDERAL GOVERNMENT

18%

EMPLOYERS

6%

EMPLOYERS

8%

FAMILIES

18%

FAMILIES

8%

FINANCIAL TECHNOLOGY FIRMS

30%

FINANCIAL TECHNOLOGY FIRMS

NON-SPORTS

STATE & LOCAL GOVERNMENT



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