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Financial Education Approaches and Resources

Luke W. Reynolds

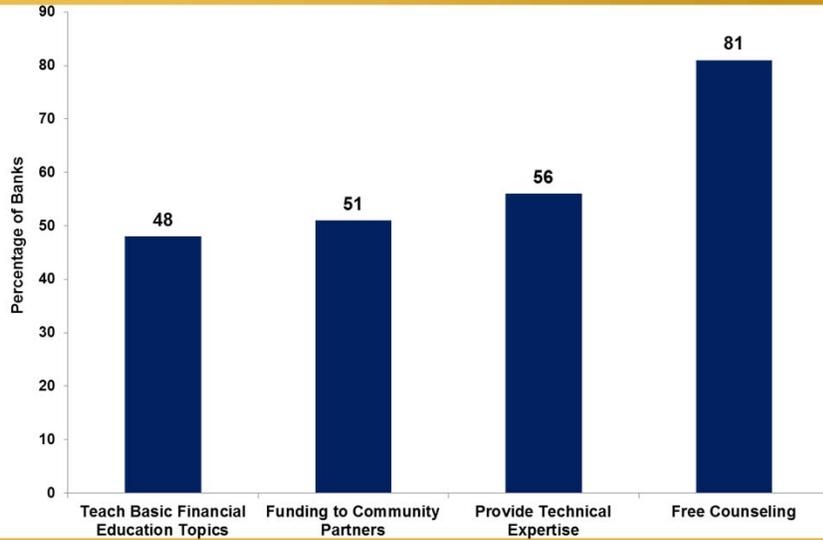
Chief, Outreach and Program Development
Division of Depositor and Consumer Protection

FDIC Role of Financial Education

- **A financial education component may enhance the ability of institutions to offer safe, sound and sustainable products and services to underserved consumers**
- **Well-designed programs can have a positive impact on consumers' ability to make sound choices**

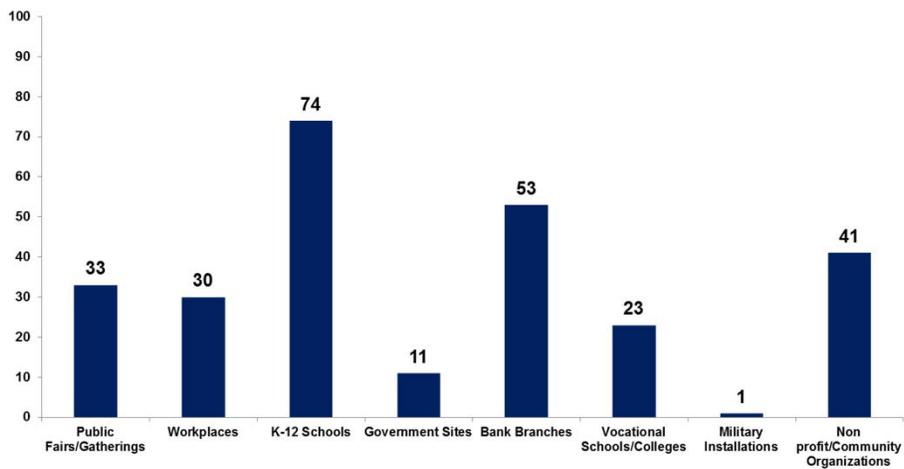
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FDIC What are Common Approaches?



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FDIC Where Do Banks Offer Fin. Ed.?



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FDIC Starting Early

- **Ideas include:**

- ♦ Classroom instruction
- ♦ After-school programs
- ♦ In collaboration with youth organizations
- ♦ Subject-matter expert for educators
- ♦ Hosting a field trip
- ♦ Facilitating or providing support for in-school student savings programs

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FDIC Community Reinvestment Act

- **Potential CRA consideration for activities such as:**

- ♦ Teaching
- ♦ Supporting workshops
- ♦ Providing responsive bank products

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The Money Smart Program

Curriculums for:

- ◆ Elementary School students (ages 5-8)
- ◆ Young Adults (ages 12-20)
- ◆ Adults
- ◆ Older Adults
- ◆ Small Businesses

Implementation resources:

- ◆ *Money Smart News*
- ◆ Train-the-Trainers
- ◆ Alliance

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Money Smart for Elementary School Students

Two components:

- A teacher's manual for use by anyone leading a group of youngsters in a discussion about money
- A coloring/activity book for the students

For ages
5-8

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Money Smart for Young Adults

The Modules

- Bank On It
- Check It Out
- Money Matters
- Pay Yourself First
- Borrowing Basics
- Charge It Right
- Paying for College and Cars
- A Roof Over Your Head

For ages
12-20

Two
Formats

- Instructor-led
- Self-paced

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Money Smart for Adults

The Modules

- Bank on It
- Borrowing Basics
- Check It Out
- Money Matters
- Pay Yourself First
- Keep It Safe
- To Your Credit
- Charge It Right
- Loan To Own
- Your Own Home
- Financial Recovery

In Nine Languages

- English
- Chinese
- Haitian Creole
- Hindi
- Hmong
- Korean
- Russian
- Spanish
- Vietnamese

Two
Formats

- Instructor-led
- Self-paced

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Money Smart for Older Adults

A single stand-alone module

- Raises awareness among older adults and their caregivers on how to prevent elder financial exploitation
- Encourages advance planning and informed financial decision-making

Jointly produced by FDIC and CFPB

Instructor-Led Training

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Money Smart for Small Business

The Modules

- Organizational Types
- Time Management
- Financial Management
- Recordkeeping
- Banking Services
- Credit Reporting
- Risk Management
- Insurance
- Tax Planning and Reporting
- Selling Your Business and Succession Planning

Jointly produced by FDIC and SBA

Instructor-Led Training

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Instructor-Led Curriculums

- **Each module is structured identically**
 - ♦ Comprehensive guide for instructors
 - ♦ Take-home booklet for participants
 - ♦ Overheads (PowerPoint and PDF format)
- **Modules can be taught in any order or combination**
- **Flexibility to teach portions of modules**

www.fdic.gov/moneysmart

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Train-the-Trainer Program

- **Train-the-Trainer Video**
 - ♦ About half an hour overview
 - ♦ English and Spanish
 - ♦ Viewable online
- **Train-the-Trainer workshops**

www.fdic.gov/moneysmart

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Computer-Based Instruction

- **Can be either a:**
 - ♦ Supplement to instructor-led training
 - ♦ Stand-alone training
- **Certificates of completion**
- **Available in English and Spanish**

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MP3 Version

- **Money Smart Podcast Network**
- **Suitable for use with virtually all portable audio players**
- **Grouped into four categories**
- **Enhanced version coming soon!**

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Money Smart Changes Behavior

- **Statistically significant improvements 6-12 months after Money Smart in:**
 - ♦ Unbanked participants opening account
 - ♦ Banked consumers selecting a new account (comparison-shopping)
 - ♦ Using spending plans (budgets)
 - ♦ Paying bills on-time

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Money Smart News

- **View online or subscribe**
- **Released quarterly**
- **Provides:**
 - ♦ Success stories
 - ♦ Updates on the Money Smart program
 - ♦ Other items potentially of interest to financial educators
- **Submissions are welcome**

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FDIC Money Smart Alliance

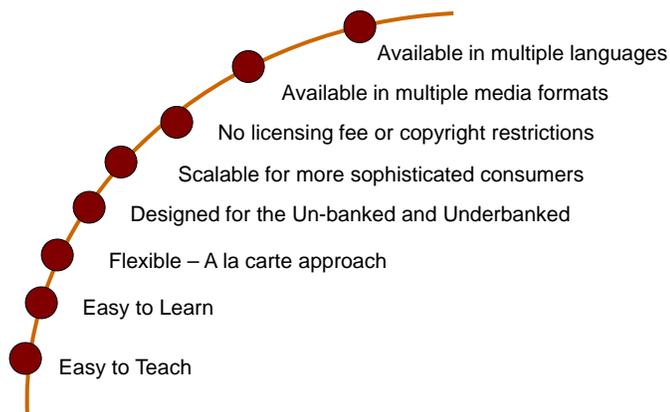
- **Money Smart Alliance Members can assist by:**

- ♦ Hosting classes
- ♦ Presenting or promoting Money Smart
- ♦ Enhancing delivery and distribution networks.
- ♦ Funding local efforts
- ♦ Evaluating implementation efforts

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FDIC Money Smart Features



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FDIC Consumer News

- **Offers practical guidance on becoming a smarter user of financial services**
- **Each issue offers helpful hints, quick tips, and common-sense strategies to protect and stretch hard-earned dollars**
- **Quarterly**
- **Re-printable**
 - ♦ Blank space on the back

www.fdic.gov/consumernews

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Luke W. Reynolds

Chief, Outreach & Program Development
Division of Depositor and Consumer Protection

LuReynolds@fdic.gov

(703) 254-1045

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Financial Literacy and Education Commission: Federal Resources for Financial Capability

Louisa Quittman
Director, Financial Education
US Department of the Treasury



FINANCIAL LITERACY AND EDUCATION COMMISSION



What is FLEC?

The Financial Literacy and Education Commission (FLEC) was established by the passage of the Fair and Accurate Credit Transactions (FACT) Act of 2003 in order to improve the financial literacy and education of persons in the United States. A primary function is to coordinate financial education activities across more than 20 federal entities. It is chaired by the Secretary of the Treasury, with the Director of the Consumer Financial Protection Bureau as Vice Chair.

The Commission was tasked to develop a national financial education website (MyMoney.gov) and a national strategy on financial education.



NATIONAL STRATEGY FOR FINANCIAL LITERACY 2011



Promoting Financial Success in the United States

- High-level document that sets the framework for financial education and literacy activities in policy, education, practice, research, and coordination through its vision and goals.



NATIONAL STRATEGY FOR FINANCIAL LITERACY 2011





Starting Early for Financial Success



- In 2012, the FLEC announced a new focus on “Starting Early for Financial Success” to better coordinate resources across member agencies and with other stakeholders recognizing that the financial stability of young people – and their families – is vital to the overall strength of our economy.
- Among the areas that the FLEC will work in:
 - Foster improved collaboration to promote savings and other age appropriate financial activities for children and youth.
 - Promote and support coordination to prepare parents, teachers and others to effectively convey financial concepts to children and youth.
 - Promote the availability and use of high-quality information about paying for post-secondary education, especially to those students who need it the most.
 - Encourage financial education in the workplace, especially for early career workers through encouragement, information and removal of barriers.
 - Use research and evaluation to ensure actions are based on evidence of effectiveness.



FLEC Resources



MyMoney.gov



- Your trusted source for free, reliable and unbiased financial information.
- A one-stop shop for Americans to find financial education and information resources from across the federal government in one place.
 - For educators: helpful resources to teach all ages about financial topics.
 - For youth: information, games and fun facts
 - For everyone: articles, calculators, worksheets, and other information from over 20 government agencies.
- New search and navigation features make it easier to find what you need.



MyMoney Five





MyMoney Five



- The MyMoney Five are the building blocks for managing and growing your money.
- You can test your knowledge of these key concepts with the MyMoney Five Quizzes and find resources to learn what you need to know.
 - Save and Invest
 - Earn
 - Spend
 - Borrow
 - Protect



MyMoney.gov



The screenshot shows the MyMoney.gov website. At the top, there is a navigation bar with the following links: Home, MyMoney Five, Earn, Borrow, Save & Invest, Spend, Protect, Life Events, Tools, and Money Quizzes. The main content area features a large banner for "ANSWERS TO YOUR Money Questions" with the CFPB logo. Below this, there are three columns of content: "Youth" (Information, games and fun facts about money, saving and planning for the future), "Teachers & Educators" (Curricula, lesson plans, tip sheets, guidance and helpful tools for teaching financial capability), and "Researchers" (Clearinghouse of federally-funded research reports, articles and datasets on financial capability and related topics). A "HIGHLIGHTS" section on the right contains a welcome message and a brief description of the website's purpose. The footer of the page includes a status bar with the text "Done, but with errors on page" and "Internet | Protected Mode On".

9/10/13

Sunaena Chhatry

K-12 Senior Policy & Innovation Analyst, Office of Financial
Education
Consumer Financial Protection Bureau



CFPB's Statutory Objectives

- To ensure that consumers have timely and understandable information to make responsible decisions about financial transactions;
- To protect consumers from unfair, deceptive, or abusive acts or practices, and from discrimination;
- To reduce outdated, unnecessary, or unduly burdensome regulations;
- To promote fair competition by enforcing the Federal consumer financial laws consistently; and
- To advance markets for consumer financial products and services that operate transparently and efficiently to facilitate access and innovation.



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Our Vision

A consumer finance marketplace...

where customers can see prices and risks up front and where they can easily make product comparisons;

in which no one can build a business model around unfair, deceptive, or abusive practices;

that works for American consumers, responsible providers and the economy as a whole.



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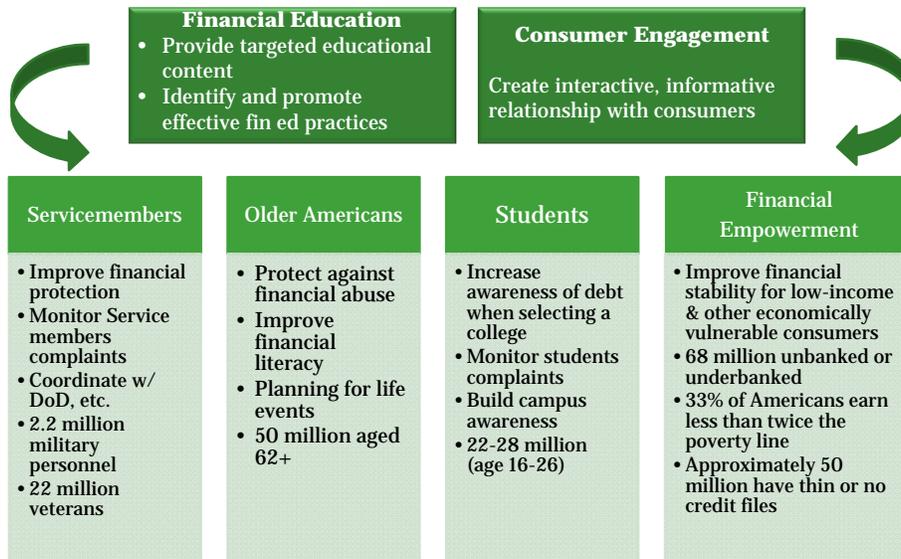
CFPB Office of Financial Education Objectives

- ***Build a comprehensive approach to financial education in the U.S.:*** Develop knowledge about what works in financial education and provide opportunities for financial educators to learn about effective strategies.
- ***Promote innovation:*** Test new ideas and share successful innovations with the field.
- ***Educate consumers:*** Provide understandable information that helps customers make informed financial decisions.
- ***Increase outreach and federal coordination:*** Build relationships with all stakeholders. In addition, Director of the CFPB serves as the vice chair of the Financial Literacy and Education Commission.



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Consumer Education and Engagement



Our Recommendations

CFPB's [policy recommendations](#) for supporting youth financial capability.

Recommendation 1: Introduce key financial education concepts early and continue to build on that foundation consistently throughout the K-12 school years. In addition, CFPB encourages states to make a stand-alone financial education course a graduation requirement for high school students.

Recommendation 2: Include personal financial management questions in standardized tests.

Recommendation 3: Provide opportunities throughout the K-12 years to practice money management through innovative, hands-on learning opportunities.

Recommendation 4: Create consistent opportunities and incentives for teachers to take financial education training with the express intention of teaching financial management to their students.

Recommendation 5: Encourage parents and guardians to discuss money management topics at home and provide them with the tools necessary to have money conversations with their children.

Hands-On Learning

Why does hands-on financial education matter?

Hands-on, experiential learning programs have the potential to help students retain financial knowledge and build valuable skills by giving students opportunities to apply concepts they have learned in concrete situations. Programs like bank-at-school, entrepreneurship training, and online simulations allow students to apply their financial knowledge to real-life situations.

What's missing?

Many of the innovative hands-on learning programs that have been developed are new, and while early results are promising, we need further exploration and evaluation of these programs to identify what approaches are effective in building youth financial capability. Early results suggest that experiential learning opportunities may be more effective in motivating learning and improving retention.

Resources

- Ask CFPB: <http://www.consumerfinance.gov/askcfpb/>
- Order Materials: <http://promotions.usa.gov/cfpbpubs.html>
- CFPB Blog: <http://www.consumerfinance.gov/blog/>
- Paying for College: www.consumerfinance.gov/students/
- Complaints: <http://www.consumerfinance.gov/complaint/>
- Rulemakings: <http://www.consumerfinance.gov/notice-and-comment/>

For more information visit:
www.consumerfinance.gov



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Consumer Financial
Protection Bureau

Financial Education Programs: Community Development Opportunities for Financial Institutions

*Making the Case for Partnering with
Assets for Independence (AFI)
Individual Development Account (IDA) Programs*

September 10, 2013

ADMINISTRATION FOR
CHILDREN & FAMILIES

ASSET 

AFI Program Description

Federally funded 5-year demonstration program that enables IDA Savers to ...

- **Learn** about financial and consumer issues
- **Save** in Individual Development Accounts

In order to ...

- **Become** more self-sufficient and plan for the future
- **Build** an asset
- **Increase** personal wealth
- **Improve** their net worth

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Common in all IDA programs

- Financial education & asset-specific training
- Save earned income
- Purchase an asset
 - First home
 - Higher education or training
 - Small business
 - Transfer to a dependent



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AFI-IDA Projects

- More than 350 organizations throughout the nation
- Multi-purpose non-profits
- State, local, or Tribal governments
- Multi-site networks of organizations
- Locate a project near you: <http://IDAresources.org/Map>



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Examples of AFI Project Grantees

- Community Action Agencies
- Community Development Corporations
- Community Development Financial Institutions
- Credit Unions
- Faith-Based Organizations
- Government Agencies
- Housing Finance Agencies
- State-Wide and Multi-State Associations
- United Way Organizations
- Workforce Development Agencies
- Youth Agencies
- Tribal Governments

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Financial Asset Building Tools

- **Getting banked** (mainstream financial services)
- Savings (3 month emergency savings)
- Matched Savings (Individual Development Accounts)
- **Financial education** (credit, debt, savings, spending, protection)
- Managing credit and debt (getting credit, improving credit score, reducing bad debt)
- Free tax filing assistance, claiming federal/state tax credits
- Accessing Federal and State benefits (allow more savings)

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Partner Roles: Beyond Funding

- Partnerships are critical beyond project funding
- Partners can provide critical support for:
 - Recruitment
 - Financial education & asset training
 - Microenterprise business plans, cash flow analysis
 - Credit counseling
 - Housing counseling
 - Holding IDAs and Project Reserve Fund
 - Other services



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Financial Education Programs as a Community Development Opportunity

- **Creates** economic security for families
- **Promotes** innovative partnership
- **Leverages** resources (i.e. Community Reinvestment Act (CRA))
- **Increases** likelihood of sound, fiscally responsible community members and businesses

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Why Partner with AFI IDA Projects?

- **Cost-effective**
- **Innovative**
- **Secure Investment**

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Partnership Framework

AFI-IDAs  Banks  Community Development



Outcomes

- new and innovative partnerships
- Increased resources
- fiscally responsible community members and businesses

Adapted from the financial stability framework of United Way Worldwide

AFI Contact Information

AFI Program Manager: J. Janelle George

Web: <http://www.acf.hhs.gov/programs/ocs/programs/afi>

Phone: 1-866-778-6037

Email: info@idaresources.org



Thank You!

Jeannie L. Chaffin

Director

Office of Community Services

Administration for Children and Families

Department of Health and Human Services