

Financial Literacy 2.0: Translating Financial Education Into Applied Behaviors

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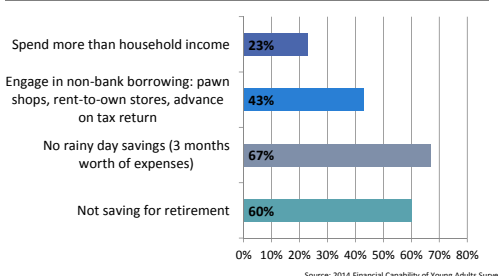


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The Foundation

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Millennials 18-34



Behavior	Percentage
Spend more than household income	23%
Engage in non-bank borrowing: pawn shops, rent-to-own stores, advance on tax return	43%
No rainy day savings (3 months worth of expenses)	67%
Not saving for retirement	60%

Source: 2014 Financial Capability of Young Adults Survey conducted by FINRA Investor Education Foundation

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Current Efforts & Results

Weak Standards at Secondary Level

- Only 17 states require a Personal Finance course
- Only 22 states require a course in Economics
- Only five states require a stand-alone personal finance course for graduation

Source: CEE Survey of the States 2014

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Not Meeting Core Competencies Domestically

How First Year College Students Scored on Financial Education Topics

Earning	Protect	Spending	Borrowing	Saving/Investing
GRADE	GRADE	GRADE	GRADE	GRADE
B	D	D	D	F

Source: 2013 Inceptia Financial Aptitude Analysis

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Middle of the Pack Globally

American Mediocrity

Average score in financial literacy among teens in the strongest and weakest participant countries, and the U.S., as measured on a scale from 326 points to more than 625.

Shanghai, China	603
Belgium	541
Estonia	529
Australia	526
New Zealand	520
OECD average	490
United States	492
Croatia	480
Israel	476
Slovak Republic	470
Italy	466
Colombia	379

Source: OECD | WSJ.com

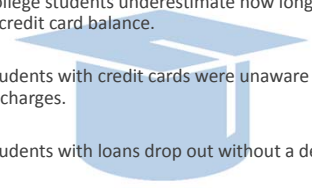
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Unprepared for College

81% of college students underestimate how long it takes to pay off a credit card balance.

75% of students with credit cards were unaware of late payment charges.

30% of students with loans drop out without a degree.



Source: CEE Survey of the States 2014

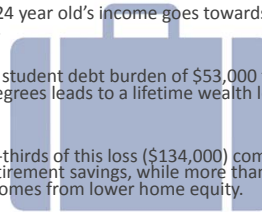
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Unprepared After College

30% of 18-24 year old's income goes towards debt repayment.

An average student debt burden of \$53,000 for couples with bachelor degrees leads to a lifetime wealth loss of nearly \$208,000.

Nearly two-thirds of this loss (\$134,000) comes from reduced retirement savings, while more than one-third (\$70,000) comes from lower home equity.



Sources: CEE Survey of the States 2014; Demos study, "At What Cost?" 2013

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Affects on American Economy

The National Association of Realtors report that 49% of Americans cite student loan debt as a "huge obstacle" to home ownership.

Anecdotal research indicates students with loan debt are living with parents, delaying marriage & having children, and have also altered career trajectories.

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“Secretary of the Treasury Jacob Lew remarked that student debt is ‘hampering our economy’ across multiple sectors of society.”

Rohit Chopra
CFPB Student Loan Ombudsman

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Planting the Seed

EXPANDING FINANCIAL EDUCATION EFFORTS

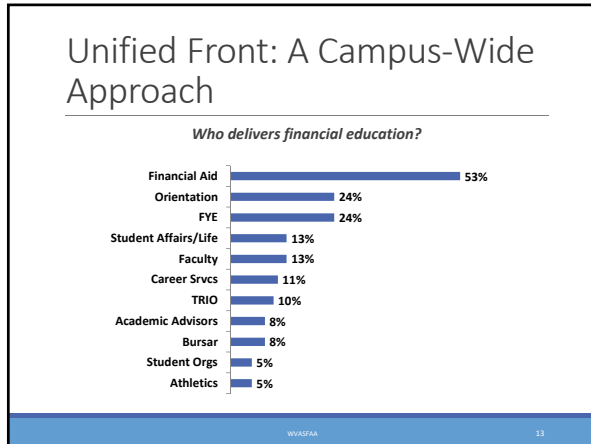
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Financial Education Programs

- Workshops
- Peer to peer mentoring
- Financial literacy fairs
- Curriculum
- Gaming
- Face to face counseling
- Freshman seminar
- Graduation counseling
- Online courses
- At-risk programs



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- ### Unified Front: A Campus-Wide Approach
- Why we all need to be cogs in the machine
- President & Board
 - Admissions Officers
 - Enrollment Managers
 - Bursar/Business Office
 - Student Affairs Directors
 - Faculty Members
 - Alumni/Giving Office
- 
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“Given the wide array of talent and enthusiasm that exists on every university campus, the creation of a successful financial literacy program can be achieved by harnessing and channeling those skills and energy into a financial literacy program that fits the institution and its students. Collaboration was the key to our first-year success.”

Irene Jasper
Duke University

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Action Items: Admissions

- New Students**
 - Create a financial plan to pay for their education with assistance from the Financial Aid/ Bursar's Office
- Returning Students**
 - Complete a financial aid review through NSLDS
 - Where have they borrowed? What is their current student loan debt? Are they in good standing?
- Reinforce Entrance Counseling**
 - Provide a student loan basics guide in a booklet format, group presentation, or as part of an FYE course
 - Revisiting the information can help concepts sink in

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Action Items: Advising

- Training**
 - Conduct training on the interrelated nature of SAP, financial aid, and enrollment
- Wiki**
 - Create an internal financial aid Wiki that will serve as reference when information is needed
- Cheat Sheet**
 - Develop a one-page "cheat sheet" of how schedule changes can effect a student's financial aid status

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Action Items: Career Services

- First Year Students**
 - Ask first year students to research career trends and employment data from the Bureau of Labor Statistics.
- First Year Students**
 - If you are NOT interacting with first year students, make this a priority!
 - Emphasize the importance of planning for the future so they can avoid making costly financial mistakes while in school.
- Workshops**
 - Co-sponsor workshops with Financial Aid or a credit counseling professional to discuss the link between employment and credit history.
 - Create brochures to disseminate the information to all students.

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Action Items: Alumni Office

- Networking Events**
 - Sponsor networking events with students and alumni to help foster a focus on career participation and degree completion.
- Workshops**
 - Solicit alumni in the financial field to host workshops on a variety of finance related topics for students:
Budgeting, saving, investing, FAFSA renewal, tax preparation, etc.
- Graduation Fair**
 - Sponsor a graduation fair that allows students to complete graduation requirements in one spot, including the opportunity to complete exit counseling and have their repayment questions answered

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Action Items: Faculty

- Wiki**
 - Use training and/or Wiki to help faculty understand how academic performance affects financial aid
- Committee**
 - Start or join an at-risk committee that helps identify students that would benefit from additional support and resources
- Research**
 - Conduct research on your unique student population to determine barriers to success at your institution

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Coming to Fruition

A PLAN FOR BEHAVIOR MODIFICATION

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A Plan for Behavior Modification



The diagram shows four components in a sequence: Financial Literacy, Borrowing Behaviors, Career Exploration, and Academic Planning, each represented by a chevron pointing right.


Four Components for Call to Action

- Financial Literacy
- Borrowing Behaviors
- Career Exploration
- Academic Planning

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Financial Literacy


- Basic budget
- Analyze the plan
- Use your savvy
- Never stop tweaking
- Look to the future



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Borrowing Behaviors


- Get the lay of the land
- Crunch the numbers
- Ducks in a row



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Career Exploration


- Major Matters
- Evaluate Progress
- Developing connections
- Prepare for the Leap



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Academic Planning

- Fail to plan, plan to fail
- Strengthen skills
- Think ahead
- Activate the plan



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Questions



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