

Every American Financially Empowered

A Guide to Increasing Financial Capability
among Students, Workers, and
Residents in Communities

May 2012



Using this Resource Guide

The goal of this resource guide is to inspire leaders at all levels to leverage partnerships to create their own financial capability initiatives as a means toward building financial well-being for every American.

The **President's Advisory Council on Financial Capability** was created January 29, 2010, by Executive Order to advise the President and the Secretary of the Treasury on ways to empower Americans to better understand and address financial matters in order to improve their financial well-being.

Based on a review of the research on financial literacy, the Council decided to concentrate its final recommendations on three primary places financial education should be delivered in order to reach Americans throughout their lives: **school, workplace, and community**. This framework was used to organize this document.

"A Guide for City and Community Leaders to Create Financially Capable Communities" was written and released by the U.S. President's Advisory Council on Financial Capability in April 2012. This document supplements that work with resource guides for schools, institutions of higher education, and employers.

While research shows financial literacy is highly correlated with financial planning and that better planning leads to higher levels of wealth accumulation,¹ there are no universal standards to evaluate the quality and effectiveness of financial education programs and resources, particularly across diverse populations. As we initiate efforts to promote financial capability, **we urge every leader to help build the body of knowledge of what works** by testing and evaluating promising strategies.

This document is not intended to be exhaustive and does not create any requirements for schools, school districts, businesses, or communities, or other entities or individuals. While it provides many examples of financial capability initiatives around the country, this document is intended for reference only and is not intended to endorse or promote specific initiatives.

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Every American Financially Empowered

No issue is currently more important to this country than restoring economic security for all families in the wake of the greatest economic crisis since the Great Depression. From saving for retirement and higher education to better understanding credit card, student loan, and mortgage debt, personal financial decisions have important ramifications for families and children, as well as implications for our nation's economy. Financial capability means making informed and effective decisions about the use and management of money. This requires empowering every individual with the knowledge, skills, and access to tools to manage their finances effectively for long-term well-being.²

Low levels of financial capability are evident across the U.S. A 2009 Financial Industry Regulatory Authority (FINRA) survey of Americans revealed that about half report trouble keeping up with monthly expenses, have no money saved for emergencies and do not save for retirement.³ Less than half, 41% of those surveyed, have no savings for their children's education.⁴ Approximately 1 in 8 Americans are considered "unbanked" and do not access a bank or credit unit.⁵ Research shows that low levels of financial literacy are associated with high levels of indebtedness, lower wealth accumulation, and less retirement savings. One example that signals a potential issue with indebtedness across the country is the ratio of debt to personal disposable income (household leverage), which increased from 55% in 1960 to 65% by the mid-1980s and escalated to 133% in 2007.⁶

Financial capability is especially low in certain populations. Young people, low-income households, Latinos and African-Americans show particular vulnerabilities in financial capability.⁷ Approximately 1 in 3 Latinos and African-Americans are unbanked⁸ and nearly a quarter approach retirement with less than \$1,000 in total net worth, excluding pensions and Social Security.⁹ Compared with U.S. national averages, young adults (ages 18-29) are more frequent users of non-bank borrowing (including payday loans and pawn shops), more likely to pay the minimum payment only on their credit cards, and more likely to be unbanked.¹⁰

Low financial literacy serves as a barrier to the middle-class. Research has shown a correlation between low financial literacy and financial choices that can block a low-income household's pathway to the middle class, including taking out high-cost mortgages, only paying the minimum credit card balance, and being delinquent on debt.¹¹ One study found that low-income households more frequently did not understand the terms of their mortgages, especially if the mortgages carried an adjustable rate.¹² Another study found that one-third of credit card charges and fees paid by consumers with low financial literacy were directly attributable to misunderstanding credit card contracts, with some costs totaling hundreds of dollars per year.¹³ In addition, a lack of financial literacy also makes low-income households particularly vulnerable to predatory lending practices. For these households, the cost of low levels of financial literacy is high.



A Guide for City and Community Leaders to Create Financially Capable Communities



Key Steps: Communities

Local leaders in states, tribes, local governments and communities play a critical role in helping people improve their financial capability. Because local leaders have a unique understanding of the economic, financial and educational obstacles that negatively impact the people in their communities, they are in a strong position to drive local strategies and initiatives that can make a real difference. Many states, tribes and local governments are already leading the charge to promote financial capability in their jurisdictions.

Successful states, tribes and localities leverage existing resources and infrastructure – and they utilize partnerships across the public, private and nonprofit sectors – to implement innovative programs that improve the financial well-being and outcomes of their citizens. They have clear objectives, well-defined program implementation and marketing strategies, and outcomes-driven metrics. Successful jurisdictions should also share their findings, best-practices, and challenges with other communities.

These steps were developed by the President’s Advisory Council on Financial Capability (PACFC) and serve as a resource guide and a roadmap to help regional, state, tribal and local leaders get started with their own financial capability initiatives. The resources provided are intended to serve as examples, not exhaustive lists or endorsements, of those currently available.

STEP 1: Assess the Local Landscape and Make a Case for Addressing Financial Capability

To build local support and develop working partnerships to advance financial capability in communities, stakeholders need to understand why financial capability is an important issue, what’s currently being done in the community to address the issue, what’s at stake in communities with poor financial health, and how strong financial behaviors and outcomes among community members can have a positive impact on a community’s overall economic health.

❖ Begin by evaluating the current landscape.

Conduct an inventory of organizations and programs that are already involved with or are addressing financial empowerment initiatives, such as financial literacy and education, asset-building, financial coaching, tax-preparation assistance, and anything else related to financial capability. Keep in mind that many banks and foundations fund this type of work at the local level, so it may make sense to find out which initiatives have been successful, and include representatives from those initiatives in the discussion.

❖ Gather data to build the business case for a local financial capability initiative.

Key elements of a business case could include:

- Your state's performance on the [FINRA Investor Education Foundation's National Financial Capability Study](#), where you'll find how your state compares to other states and the nation as a whole in five measures: spending vs. saving, emergency savings, non-bank borrowing, financial literacy, and comparison shopping.
- Your state's performance on the [Corporation for Enterprise Development Assets & Opportunity Scorecard](#), a state-by-state performance and policy analysis in five areas: Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care and Education.
- Local rates of “[unbanked](#)” / “[underbanked](#)” individuals, meaning the percent of individuals who do not have a bank or credit union account (unbanked), or may have an account with a mainstream financial institution, but turn to alternative financial service providers to fulfill their immediate financial needs (underbanked).
- Local foreclosure rates. Websites such as [RealtyTrac](#) can provide statistics.
- Local performance on financial capability among the general population and/or specific segments such as youth and workers. Local/state insights may be culled from national studies and resources, including:
 - [Employee Benefit Research Institute](#)
 - [Gallup Hope Index](#)
 - [Jump\\$tart Coalition for Personal Financial Literacy](#)
 - [State-by-state results on the National Financial Capability Challenge](#)
- Information and testimonials about how other communities have embraced financial capability and improved the financial well-being of their citizens. Some examples include Delaware, Wisconsin, New York City, San Francisco, Indianapolis, San Antonio, Seattle-King County, Savannah, Providence, American Indian and Alaska Native Tribes, and many others. (See Appendix: Communities beginning on page 14.)

STEP 2: Create a Local Council

A local financial literacy / financial capability council is a formalized group of influential individuals representing governments, education leaders, nonprofit organizations, academia, private foundations, and private industry who agree to serve voluntarily with the collective goal of enhancing financial literacy and capability among the state, tribe or local community.

Potential benefits of creating a local council:

- **Builds efficiency** by sharing information and resources across multiple organizations with similar goals.
- **Encourages innovation** by bringing unique points of view and areas of expertise to the table.
- **Helps communities set strategic priorities** through collaboration and cross-institutional partnership.
- **Maximizes resources by pooling human and financial capital** to jointly solve problems and minimize duplicative programs in local areas.
- **Creates greater visibility and cross-community support** by helping to ensure that resources are focused where the impact can be greatest.

❖ Determine who should be a part of the Council.

Councils can take many shapes and sizes. In fact, it's critical that they be customized to the unique needs and circumstances of the local community. Members of the President's Advisory Council on Financial Capability held meetings and learning sessions with state and city councils and leaders to identify common practices that lead to successful local efforts. Through those discussions, several common themes and recommendations emerged.

By and large, experts agree that councils can be most effective when they include influential leaders and decision-makers.

Consider the following:

- Government leaders, both elected and high-level career staff, who can prioritize public resources and leverage a "bully pulpit" to improve visibility and awareness of the issues and solutions.
- Education leaders, including school superintendents and school board members, who can effect change within the existing education infrastructure and among local youth.
- Financial education experts, including nonprofit and community-based organizations, professional associations, Cooperative Extension services and others with expertise in delivering financial education and capability content. Examples include the Financial Planning Association (FPA), the National Association of Personal Financial Advisors (NAPFA) and the Association for Financial Counseling, Planning and Education (AFCPE).
- Nonprofit organizations, libraries, and other community service providers with expertise serving specific populations such as youth, underserved individuals and low- to moderate-income families.
- Academics and researchers, who bring extensive knowledge, data, and objective analysis of what works and what does not work in promoting financial capability.
- Local business leaders, particularly those from financial institutions such as banks and credit unions, who bring business and financial acumen, product-development expertise, and financial and professional (pro bono) resources.
- Local community members who may be struggling with financial instability themselves, or who may offer practical insights on the issues and concerns of community members.
- Other stakeholders who can share unique perspectives, such as youth leaders, retirees, and other engaged residents.

Cities for Financial Empowerment

Cities for Financial Empowerment (CFE) brings together pioneering municipal governments from across the country that have begun to use their power and positions to advance innovative financial empowerment initiatives. Members have made tangible and measurable commitments to supporting financial empowerment programming in their cities, and are now joining together to both teach and learn from one another. By working with key partners in the public, private, and nonprofit sectors, CFE also leverages its members' collective power to advance the financial empowerment agenda on a state and national level. Most recently, Bloomberg Philanthropies and Living Cities announced a \$16.3 million investment to replicate the evidence-based financial empowerment model to cities across America.

❖ **Identify a leader for the Council.**

Identify a leader or official within the jurisdiction who has the mandate, influence, and stature in the government and community to lead the Council effort. (For example, in San Francisco the effort is led by the City Treasurer; in New York City, the effort is led by the Commissioner of the Department of Consumer Affairs.)

❖ **Recruit Council members.**

Identify influential government officials and/or elected officials, representatives of businesses (both financial and non-financial), non-profit organizations, academic institutions, private foundations and other individuals who are willing and eager to engage on the topic of financial literacy, capability, and empowerment.

❖ **Take official steps to create the Council.**

This could mean encouraging legislation to create the Council or encouraging state, county or city executive branch leaders to create it by executive order. See Appendix: Communities beginning on page 14 for examples of executive orders.

❖ **Formally kick off the Council.**

Host a preliminary hearing and/or meeting in your area around the “State of Financial Literacy and Financial Capability.” Announce the establishment of the Council and its charter.

STEP 3: Focus the Work and Establish Goals

❖ **Determine key areas of focus for the jurisdiction’s financial capability work and then establish committees or working teams to be responsible for each area of focus.**

Each jurisdiction will have unique priorities. However, the President’s Advisory Council on Financial Capability recommends three broad areas that will be relevant to any community:

- 1) Youth financial education and capability,
- 2) Financial access for the underserved, and
- 3) Financial capability through the workplace.

❖ **Articulate clear goals and metrics.**

Create a core list of financial literacy and financial capability goals and objectives that will enhance the lives of community members.

The following is a sample, non-comprehensive list of example goals and metrics:

- Every public school student in [jurisdiction] will have the opportunity to complete financial capability education;
- 50% of all employers in [jurisdiction] will voluntarily implement financial education that aligns with U.S. Financial Literacy Education Commission Core Competencies;
- [Jurisdiction] will move 60% of all unbanked individuals into the financial mainstream with bank accounts and direct deposit within 5 years; and
- [Jurisdiction] will reduce the foreclosure rate by 40% within the next 18 months.

STEP 4: Build Momentum

❖ Conduct and release an official research survey, study, or report on financial literacy and financial capability in your area.

Leverage existing resources from states and other governments to determine which data is most critical in your jurisdiction. If resources are not available to conduct a unique study, leverage the state-by-state results from the [FINRA Foundation's National Financial Capability Study](#).

❖ Stay connected.

Invite federal agencies, federal officials and statewide officials to partner with state, tribal or local campaigns. Establish relationships with consortiums such as Cities for Financial Empowerment, so that your Council can share and learn from others.

❖ Be inclusive.

Conduct “listening sessions” with local stakeholders such as youth, service providers, educators, community organizations, employers, practitioners and others to better understand the issues and financial challenges faced by people in your community and to help drive and hone the Council’s focus and energy.

STEP 5: Develop and Launch Programs that Address the Stated Goals

Consider adopting some of the following programs and initiatives, many of which have been successfully implemented in other jurisdictions. The initiatives are organized under the PACFC’s three core areas of focus: financial education for youth, financial capability in the workplace, and financial capability and access for the underserved.

❖ Consider financial education for youth and students.

- Encourage and/or incentivize your school district to develop a K-12 plan providing options for schools to integrate curriculum that is aligned with what young people need to know, at what ages, in order to become financially capable.

Increasing Access to Financial Aid

With dedicated “post-secondary coaches” at John Hancock High School in Chicago, students were helped to access about \$3.5 million in scholarship grants and financial aid in 2010, up from \$5,000 just a few years earlier. The school’s college enrollment rate has also increased from 49 percent in 2008 to more than 80 percent in 2010.

- Resources to support these plans, as well as information concerning state mandates and local resources, can be found at [Jump\\$tart Coalition](#) and the [Council for Economic Education](#) websites. “[Money as You Grow](#)” is another useful resource that provides 20 financial lessons and associated activities for children ages 3 to 18+.
- Encourage public schools to establish programs to ensure all students have the knowledge necessary to undertake financial planning for college and career goals, and specifically for college-bound students to ensure that they understand the FAFSA form, reduce their exposure to higher-interest private loans, and maximize their capture of federal loans. The [U.S. Department of Education FAFSA website](#) provides resources.
- Encourage and/or incentivize local high schools to participate in the [National Financial Capability Challenge](#), which raises awareness about the need for financial capability efforts and is sponsored by the U.S. Department of Treasury. Participating students and schools are eligible for scholarships and grants.
- Ensure that youth summer jobs provided by the state, tribe or local government incorporate direct deposit, savings accounts, and financial capability and financial literacy training. The [Economics Awareness Council in Chicago](#) implemented such an initiative. Resources to help local governments integrate financial literacy into summer jobs programs are available from the United States Conference of Mayors [DollarWIS\\$E Campaign](#).
- Encourage local youth-services organizations to adopt programs that deliver financial education. Examples include:
 - [Boys & Girls Clubs of America’s Money Matters: Make It Count](#)
 - [Junior Achievement](#)
 - [Boys Scouts](#) and [Girls Scouts](#) personal finance badges

See the Guide for K-12 (page 17) and Higher Education (page 28) for additional resources and considerations.

❖ Consider financial capability and access for the underserved.

- Conduct an assessment of your community’s needs and identify local barriers to financial stability for residents. Consider evaluating the number of unbanked individuals, as well as whether and why individuals are using “alternative” banking services such as pay-day lenders and check-cashing services. This information will help inform the types of programs, products and services that may be needed in your community.
- Set targets for improving financial capability in your community – and focus on addressing the needs and/or problems you identified in your assessment / evaluation.

Reduce the number of unbanked individuals in your community.

[BankOn](#) programs are partnerships typically between banks/credit unions, community partners and government entities to provide access to low-cost, safe accounts and financial education for unbanked and usually low-income individuals. The BankOn website provides state, tribal and local data on the un- and under-banked and many resources on starting a Bank On initiative, as well as the ability to participate in discussions with other Bank On leaders.

- Establish an awareness campaign and/or website to keep the local conversation growing and to provide tools to parents and families. For examples, see [Delaware's \\$tand by Me](#) and Indianapolis's [Indy Campaign for Financial Fitness](#).
- Support an area-wide (state, tribe, city) Earned Income Tax Credit (EITC) campaign to help low-income workers learn how to access their benefits.
 - [Corporate Voices for Working Families](#) offers free employer guides and EITC educational and marketing toolkits. Some examples from cities that have implemented EITC programs are [Los Angeles](#) and [Washington, D.C.](#)
- Support initiatives to provide financial education at teachable moments. For example, some cities are incorporating FAFSA help with tax assistance provided at IRS offices for national VITA (Voluntary Income Tax Assistance) coalitions.
 - [Ladder Up](#) is an organization that demonstrates how this can work in practice.

❖ **Consider financial capability in the workplace.**

- Draft formal recommendations that your state, tribal or local government adopt employee benefits / workplace financial capability programs for its own employees.
- Host meetings and/or summits with state, tribal and local employers and encourage the adoption of employee benefits.
- Encourage local employers to compete in the [Workplace Leaders in Financial Education Awards](#), sponsored by the American Institute of Certified Public Accountants (AICPA) and the Society for Human Resources Management (SHRM).
- Schedule a workshop on retirement plan options with the U.S. Department of Labor's Employee Benefits Security Administration and the AICPA to learn about the available options and how to start a plan.
- Encourage attendance at educational events sponsored by the U.S. Department of Labor and Internal Revenue Service's (IRS) Employee Plans Division to help small and mid-size businesses understand their responsibilities in operating a retirement and/or health benefits plan.

PACFC Recommendations for the Federal Workplace

- Identify a set of standards and metrics for measuring success.
- Create a centralized location for financial capability resources.
- Create a consistent ongoing awareness campaign.
- Create an expert "speakers bureau."
- Utilize data from existing surveys to target efforts and measure impact.
- [Read more.](#)

See Guide for Workplace (page 39) for additional resources and considerations.

❖ Consider other initiatives.

The following ideas and initiatives may support more than one of the core areas of focus listed above (youth, access for the underserved, and workplace):

- Create Financial Education Networks, whereby local nonprofits, educators, practitioners, librarians, government leaders and others are able to become familiar with areas of expertise and programming, and find opportunities to share best practices and maximize local resources. San Francisco and New York City provide Financial Education Network information and resources:
 - [San Francisco](#)
 - [New York City](#)
- Be inclusive and further encourage partnerships by hosting financial literacy town hall meetings, roundtables, conferences, and listening sessions to share ideas, collaborate, and explore new ways to enhance local financial capability. See an example of a [press release announcing a listening session in Indianapolis](#).
- Create a local “financial literacy corps” that provides a centralized local resource for information on financial literacy volunteer opportunities across the state/tribe/city.

Build interest in your work by leveraging existing public awareness campaigns, such as:

- [National Financial Capability Month](#)
- [Money Smart Week](#)
- [America Saves Week](#)

STEP 6: Measure your Impact and Adjust Accordingly

As with any successful initiative, it’s critical to establish at the outset clear objectives, as well as clear milestones, benchmarks and metrics for measuring success (See Step 3). Consider whether the chosen goals are implementable and achievable, given economic realities and conflicting pressures for time and money.

If initiatives fall short of achieving the established goals, carefully evaluate which factors or elements of the program to adjust. Reconsider whether the goals themselves are realistic for your community. And regardless of whether you’re meeting all your goals, be sure to share your findings and results with other jurisdictions so they can learn from your experience.

National Endowment for Financial Education’s research-based customizable [Evaluation Toolkit](#) offers methods to measure program impact.

Appendix: Communities

- **Choosing a Retirement Solution for Your Small Business:** choosingaretirementsolution.org
A jointly sponsored interactive website from the U.S. Department of Labor and the AICPA to help small businesses find retirement plan options appropriate for their business and access to more in-depth information on what is involved in establishing and operating each of the options.
- **Cities for Financial Empowerment Coalition:** cfecoalition.org
The Cities for Financial Empowerment brings together pioneering municipal governments that use their power and positions to advance innovative financial empowerment initiatives.
- **Corporation for Enterprise Development:** cfed.org
CFED programs test and refine promising ideas to find out what works. Programs include matching funds, IDAs, asset-building for children, and self-employment tax initiative. In addition, the CFED Scorecard reviews state-by-state performance and policy measures across five areas: Financial Assets & Income; Business & Jobs; Housing & Homeownership; Healthcare and Education. Scorecard: cfed.org/scorecard/
- **Council for Economic Education:** councilforeconed.org/
CEE offers comprehensive K-12 economic and personal finance education programs, including the basics of entrepreneurship, consisting of teaching resources across the curriculum, professional development for teachers, and nationally-normed assessment instruments.
- **Delaware's Stand by Me program:** standbymede.org
The Delaware Financial Empowerment Partnership (DFEP) is a joint venture of the State of Delaware and the United Way of Delaware, providing a package of financial empowerment services called \$tand By Me.
- **Financial Education Network of San Francisco:** frbsf.org/community/issues/fensf.html
The Financial Education Network-San Francisco (FEN-SF) is a collaborative group of San Francisco's nonprofit service providers, philanthropic funders, and local public sector representatives dedicated to improving financial education services in the City.
- **Financial Literacy Center / New York Stock Exchange Foundation:** nyse.nyx.com/financial-fitness-kit
NYSE Foundation and the Financial Literacy Center provide free resources for employers and employees.
- **U.S. Financial Literacy and Education Commission:** mymoney.gov
Free, unbiased resources from more than 20 federal agencies on array of financial topics.
- **FINRA National Financial Capability Study:** <http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p120535.pdf>
The FINRA Investor Education Foundation commissioned this national study of the financial capability of American adults. The overarching research objectives were to benchmark key indicators of financial capability and evaluate how these indicators vary with underlying demographic, behavioral, attitudinal and financial literacy characteristics.

- **First Nations Development Institute:** www.firstnations.org
Provides financial education training to Native communities and tribal governments.
- **Gallup Hope Index:** www.operationhope.org/page/pgid/39
Measures financial literacy in relationship to hope, wellbeing, and engagement among U.S. students in grades 5 through 12.
- **Indianapolis Campaign for Financial Fitness:** indyscampaign.org
ICFF is a coalition of public and private organizations that helps Indianapolis residents and their families manage their finances. The goal is to achieve the improved quality of life that accompanies financial stability at any income level.
- **Join Bank On:** JoinBankOn.org
Research your community's under- and un-banked stats, and learn how to start a Bank On program in your area.
- **Banking On Opportunity: A Scan of the Evolving Field of Bank On Initiatives:**
This document provides an overview of the Bank On concept, defined as an initiative in which low-cost transaction and savings accounts are made available to unbanked individuals by federally insured banks and credit unions.
<http://www.treasury.gov/resource-center/financial-education/Documents/Banking%20On%20Opportunity%20Nov%202011.pdf>
- **Jump\$tart Coalition for Personal Finance:** jumpstart.org
Jump\$tart is a national coalition of organizations dedicated to improving the financial literacy of pre-kindergarten through college-age youth by providing advocacy, research, standards and educational resources.
- **Money As You Grow:** moneyasyougrow.org/
Money As You Grow is a new, online tool that provides 20 essential financial lessons that kids need to know as they grow. They're written in easy-to-understand language, aimed at parents and children, and organized into 4 key concepts per age group.
- **National Congress of American Indians:** ncai.org
Works with tribal leaders on training and technical assistance on significant issue areas including financial education. Also conducts a Tribal Exchange on the Stock Market.
- **Native Initiatives Community Development Financial Institutions (CDFI):**
http://www.cdfifund.gov/what_we_do/programs_id.asp?programid=3
Coalition of more than 69 members to help strengthen the Native Community Development Financial Institution industry through which a significant amount of financial education for Native communities takes place
- **National Endowment for Financial Education – Consumer and Educator Resources:**
NEFE offers consumer resources, an interactive video sharing site, a high-school financial planning program, and site dedicated to community financial education instructors.
 - Smart About Money, a site that provides practical articles, worksheets, tips and valuable resources to help users understand and manage money:
<http://www.smartaboutmoney.org/>
 - High School Financial Planning website: <http://hsfpp.nefe.org>

- Spendster, an online site that allows the public to share their purchasing experiences and learn from one another: <http://spendster.org/>
 - Financial Workshops: <http://www.financialworkshopkits.org/>
- **National Endowment for Financial Education – Resources for Employers:** retirementtlc.org
NEFE provides employers with a research-based step-by-step process to increase retirement savings plan participation, particularly among low-income and female employees.
 - **National Financial Capability Challenge:** challenge.treas.gov
Information about the National Financial Capability Challenge, a financial capability test for high-school students sponsored by the U.S. Department of Treasury and U.S. Department of Education.
 - **National League of Cities**
Bank On Toolkit for Municipalities: Nlc.org/
 - **SHRM and AICPA’s Workplace Leaders in Financial Education Awards:** Wlife.org
Awards program that recognizes organizations with exemplary workplace financial literacy efforts to enhance employee financial well-being and encourages employers to implement and further develop financial literacy programs.
 - **United Way:** unitedway.org/our-work/income/
In 2008, United Way initiated an ambitious 10-year plan to cut in half the number of lower-income families who are financially unstable. This site provides information about how local United Way organizations are helping drive financial stability in their communities.
 - **United States Conference of Mayors DollarWISE Campaign:** <http://usmayors.org/index.php/dollarwise/summer-youth-campaign/>
Provides resources for local governments to include financial literacy in summer youth jobs programs.
 - **Wisconsin Governor’s Council on Financial Literacy:** wdfi.org/yymm/govcouncilfinlit
Link to the Executive Order establishing the Council:
wdfi.org/resources/indexed/site/yymm/govcouncilfinlit/ExecOrder24.pdf

Additional resources are available in K-12, Higher Education, and Workplace Sections of this document.



A Guide to Increasing Financial Capability among Students in K-12 Schools



Key Steps: K-12 Schools

The vast majority of Americans (82%) believe personal finance should be taught to all students at least as early as high school.¹⁴ However, only 13 states have some type of personal finance course requirement for graduation and just 9 states have formal requirements to assess students' financial literacy.¹⁵ While the curriculum varies by state, financial education typically covers basic household decision-making concepts such as budgeting, credit, compound interest, and investment options. Some states require students to receive instruction in an independent class, while others allow required instruction to be incorporated into existing classes, offer instruction as an elective, or provide a curriculum to districts that they could choose to implement. Recognizing that not all families are able to provide the adequate financial guidance to their children, school, college and community efforts can level the playing field for all future consumers and entrepreneurs.

Providing financial education may change students' financial behavior over time. The Jump\$tart Coalition for Personal Financial Literacy conducted biennial tests of the financial literacy of high school seniors from 1997 to 2008. One study shows that while a high school course on money management or personal finance did not increase college students' scores on the Jump\$tart test, the course did improve certain financial behaviors such as credit card repayment and checking account balancing.¹⁶ The results of this research suggest that financial education is best viewed as a long-run investment requiring sustained effort, rather than a short-term fix. In addition, financial education curricula that incorporate real-world experience in budgeting, credit management, and financial products appear more promising than those that do not.

Throughout this chapter we provide resources for financial education in K-12 schools. These resources are intended to serve as examples, not exhaustive lists or endorsements, of those currently available. Whether financial education already is taught in your classrooms or you are just getting started, this resource guide will help you begin to evaluate your current state, implement programs, and measure results.

STEP 1: Assess the Local Educational Environment

❖ What is the current state of personal finance instruction in your school or school district?

Key questions to answer during this process are:

- What is being taught and when?
- In what subject area(s), specific class(es), and grade(s) is it being taught?
- Who is teaching personal finance concepts and what are their qualifications in this content area?
- What training and support is offered for teachers?
- What resources/curricula are they using?
- How is instruction delivered (e.g. lecture, classroom activity, workshop, guest presenter, tour, simulation, etc.)?
- Where do the learning experiences occur (e.g. classroom, club activity, workshop, online, simulation, event, etc.)?

- What is the length of instruction (e.g. one-time event over two days, semester course, one class period per week throughout the semester, etc.)?
- Are learning experiences coordinated across subjects, departments or grades?
- How is learning assessed?
- Does current data that provides a snapshot of the financial capability of past or current students?
- Is the financial education experience required or an elective?

❖ **What, if any, non-school extra-curricular activities address financial education for youth in your community?**

All education groups in a community should work collaboratively to plan consistent and sequential delivery of content. Programs focused on youth should be encouraged to coordinate efforts to prevent redundancy and to avoid gaps. For example, a student could learn about budgeting from multiple teachers and youth mentors but potentially never learn about the value of risk management and insurance if efforts are not coordinated.

Examples of national nonprofit organizations with financial education activities include Girl Scouts and Boy Scouts, Boys and Girls Clubs, 4-H, and Junior Achievement.

Where to look for non-school personal finance activities might include:

- School-sponsored after-school programs
- State agencies, commissions, or other entities focused explicitly on financial capability
- Community or faith-based youth groups and programs
- Parent organizations
- Financial institutions
- Other local/state government or community initiatives

❖ **What personal finance standards, personal finance requirements, and testing requirements already exist in your state? How do they relate to other education standards in your state?**

Key questions to answer during this process are:

- How does your district currently address local and state personal finance state-specific personal finance requirements?
- Are there existing local grade-level or graduation expectations in personal finance?
- What, if any, state and local credentialing/licensing are required to teach personal finance? What criteria are used to determine who teaches personal finance in your district?
- What resources are available for instruction related to standards and requirements?

An example resource to help answer this question includes the [Survey of the States](#) by the Council for Economic Education.

❖ **Is financial education being delivered in local and state colleges and universities, including 2-year colleges?**

Key questions to answer during this process are:

- In what form(s) do local post-secondary institutions offer financial education?
 - Courses (required/elective)
 - Degree programs
 - Exposure through Financial Aid office
 - Freshman or new student orientation
 - Student centers with resources, peer-to-peer, etc.
- Are there opportunities for your pre-K-12 school/school district to:
 - Coordinate your financial education offerings for a meaningful sequence of learning throughout a student’s education?
 - Prepare your students for a smooth transition to topics covered in post-secondary school?
 - Encourage meaningful repetition of concepts and avoid needless repetition?
- Do your local colleges and universities accept high school personal finance or similar courses to satisfy admission requirements, and/or offer dual enrollment course credit?

STEP 2: Build a Team

❖ **Create a voluntary, temporary or permanent task force or advisory council with members who share the collective goal of promoting financial education in your school or district.**

Key questions to answer during this process are:

- Using the information gathered in Step 1, what will be the purpose and goal(s) of the team? Will it focus on strategic planning, fundraising, program implementation, support for teachers, measurement, advocacy, etc.?
- How will you design the team composition to meet stated goals?
- How will the team be held accountable for success?

❖ **Include representation from within and outside the school/district, ensuring top-level support.**

Consider including:

- Teachers and department chairs who will carry out the program;
- Education leaders who can effect change within the existing education infrastructure;
- Non-school youth program personnel, if your program will occur outside of the school or complement school activities;
- Members from existing school-private/non-profit partnerships;
- State, city, local stakeholders who promote financial capability (e.g. Local Financial Capability/Literacy Councils);
- Representatives from local higher education institutions;

- Representatives from local financial institutions such as credit unions, banks, insurance organizations, etc.;
- Representatives from other local small businesses;
- Financial services professionals;
- Parents, parent organizations, and other community stakeholders; and
- Students.

❖ **Recognize the potential benefits of creating a collaborative team and consider ways to foster a collaborative culture.**

Key considerations are:

- Choose a proven, strong leader who can help create buy-in, visibility, and advocacy.
- Create clear processes to coordinate efforts inside and outside schools.
- Select team members with broad expertise.
- Provide other resources as needed, e.g., a venue for an after-school program.

STEP 3: Define the Problem and Set Program Goals, Objectives, and Metrics

❖ **Gather data that describes the problem and helps focus efforts.**

- Identify the need for increased financial capability.
- Share the data describing the problem, as appropriate, and communicate the objectives to the school/district community to establish shared responsibility.

Examples of resources to help answer this question include:

- [State-by-state results on the National Financial Capability Challenge](#)
- [Jump\\$tart Coalition for Personal Financial Literacy](#)
- See additional resources for community data on page 7.

❖ **Review any existing state and district standards and evaluate standards developed by relevant organizations as a guide for establishing district priorities for financial capability.**

Please note: There are no *national* education standards or curricula mandated by the U.S. Government. The following examples have been developed by non-federal entities.

Examples of resources:

- [Voluntary National K-12 Content Standards in Economics](#)
by Council for Economic Education
- [National Curriculum Standards for Social Studies – Economics](#)
by National Council for the Social Studies
- [National Standards for Business Education – Personal Finance](#)
by National Business Education Association
- [National Standards for Family and Consumer Sciences Education](#)
by Consumer and Family Resource

- [Standards for Entrepreneurship Education](#)
by Consortium for Entrepreneurship Education
- [National Standards in K-12 Personal Finance Education](#)
by Jump\$Start Coalition for Personal Financial Literacy

❖ **Articulate clear overarching goals and metrics for assessment.**

- Create a core set of financial literacy and financial capability goals that provide clear benefits if met.
- Consider using SMART (Specific, Measurable, Attainable, Relevant, Time-bound)¹⁷ goals or some other strategic framework to set clear, actionable targets.

The following is a sample, non-comprehensive list of example goals and metrics:

- By 20XX, 100% of our students will complete the FAFSA, complete at least three college applications, and comparison shop for colleges based on awarded grants and scholarships to find the best value.
- Every student in our district will have a savings account by Grade X, with a minimum of X saved for college.
- Our school, or every public school in our district, will have financial capability education in place by 20XX.
- Every public school student in [jurisdiction] will complete financial capability education upon graduation, beginning with the class of 20XX.

STEP 4: Design the Strategy and Define the Curriculum/Program

❖ **Determine how personal finance will be integrated into learning opportunities.**

Key questions to answer during this process are:

- What are the best models and programs for teaching and learning financial capability, and could they be adapted for our students?
- Will programs be offered as new stand-alone classes or integrated into other course offerings(s)?
- Will programs be offered during the regular school day, or as an opportunity out of school?

❖ **Identify specific learning outcomes and benchmarks to drive decisions for the school or district about personal finance education. Consider how these outcomes will be integrated into a school or district's success outcomes.**

Examples include:

- A fourth grade student can explain the difference between buying with cash and buying with credit cards.
- An eighth grade student can list actions to take to protect one's personal identity information.
- A twelfth grade student can explain how interest, fees, and grace periods affect credit card costs.
- The President's Advisory Council on Financial Capability's "[Money as You Grow](#)" tool identifies 20 key lessons for youth and parents as children develop.
- Examples of proposed standards in Step 3 have additional benchmarks for consideration.

❖ **Select or develop curriculum that aligns with learning outcomes and school or district expectations.**

Examples of resources provided by the non-profit and government sectors include:

- One example of a statewide financial education implementation can be found in the [Smart Tennessee financial literacy program](#), which featured public-private partnership and positive assessments. It provides school districts with one framework for personal finance content and training.
- Lessons related to spending, saving, borrowing, and protecting against risk can be found at [National Financial Capability Challenge Educator Toolkit](#).
- The [Federal Deposit Insurance Corporation \(FDIC\)](#) has designed “Money Smart for Young Adults,” an eight-module financial education program for youth aged 12 to 20.
- The [Network for Teaching Entrepreneurship \(NFTE\)](#) offers curriculum, “Entrepreneurship: Owning Your Future,” and many other resources.
- [Jump\\$tart’s Clearinghouse](#), an inclusive online library of financial education resources, and [Jump\\$tart’s Best Practices](#), a resource for use when developing and or selecting personal finance education materials.

Key questions to answer during this process are:

- Are resources readily available to teachers and learners?
- Do the resources and curriculum align with the designated local learning outcomes and established state and national frameworks?
- Are resources provided by credible resources in a noncommercial manner?
- Are resources accurate and up-to-date?
- Are web-based resources accessible using the technology and software available in the local schools and libraries?
- What is the cost of materials (initial cost, sustainable cost, additional costs to implement)?
- Are there any restrictions on use of open-source resources or no-cost materials?
- Are materials age-appropriate?
 - Does the curriculum allow for customization to the target group and personalization for each student (i.e. English Language Learners (ELLs), students in Individualized Education Programs (IEPs), or of different cultural backgrounds)?
- Are materials available in other languages, audio, large print, or Braille?
- Is the curriculum interactive and experiential, using real-life practice and implementation to encourage active learning?
- Do the materials include assessment tools to help instructors measure student progress?

❖ **Determine whether or not the coursework will be recognized by a post-secondary school for admissions/credit.**

When higher education institutions recognize personal finance courses for admissions/credit, it broadens the opportunity for high schools to promote the advantages of financial education across the entire student body. Students are more likely to take a course that satisfies some type of college requirement.

STEP 5: Focus on Instruction and Instructors

Teachers from diverse backgrounds are being tapped to teach financial education topics that they may know very little about. A two-year national study conducted by the University of Wisconsin-Madison¹⁸ found that teachers need and would welcome more formal education on financial literacy.

The study found that formal education is a predictor of teachers' own perceived competence to teach specific topics. Although 89 percent of K-12 teachers agree that students should either take a financial education course or pass a competency test for high school graduation, less than 20 percent feel competent to teach financial education topics, and 63.8 percent feel unqualified to use state financial literacy standards. Positively, more than 70 percent say they are willing to get formal financial education training.¹⁹

These steps outline how to ensure instruction is delivered by qualified and credible teachers who are well-prepared and confident to teach personal finance.

❖ **Establish guidelines and/or requirements for instructors.**

Key questions to answer during this process are:

- What credentials, qualifications and/or experience must your teachers have to teach personal finance for their grade level and teaching assignment?
- Do you have tiers for personal finance instructor qualifications, i.e., are the requirements appropriate for the grade/level being taught?
 - Can educators be classified into tiers of expertise or credentials (e.g., minimum requirement, ideal)?
- Have you established guidelines or protocols for non-school-system staff (co-teachers, guest speakers, support instructors, volunteers, etc.) who deliver personal finance programs to youth, such as:
 - Keeping their presentation noncommercial (i.e., they do not sell products or services to the students);
 - Adhering to school regulations for proper conduct (e.g., keeping student information confidential); and
 - Ensuring they are qualified and credible in the context of delivering financial education.

❖ **Establish a system for providing training so instructors are prepared to teach personal finance with an appropriate level of mastery of the topics, instruction methods, and with confidence.**

Key questions to answer during this process are:

- How are instructors assigned to teach personal finance?
 - What are their qualifications to teach personal finance?
 - Are there gaps in their knowledge that need to be filled? Do they need new or refresher training?

- What training will be provided/offered to personal finance teachers?

Ideally that training should:

- Be sufficient in quality, intensity, and duration to lead to improvements in instructional practice;
- Be developed to include content as well as instruction methods and practices to meet stated instructional goals;
- Provide opportunities for collaboration among teachers;
- Be adaptable to be delivered in multiple venues: in person, online, distance learning, etc.; and
- Be eligible for Continuing Education Units (CEUs)

Some examples of training programs can be found here:

- [Family Economics and Financial Education Training](#), University of Arizona
- [National Institute of Financial and Economic Literacy](#), State of Wisconsin

STEP 6: Implement

Put your plan into place. Whether you roll out all at once or one program at a time, develop a work plan and include processes/mechanisms to monitor the program(s) progress. Assign members of your team the responsibility for oversight of the implementation and monitoring.

STEP 7: Evaluate Results and Adjust Accordingly

As with any successful initiative, it is critical to establish at the outset clear objectives, as well as clear milestones, benchmarks and metrics for measuring success (see Step 3). Consider whether the chosen goals are implementable and achievable, given economic realities and conflicting pressures for time and money.

If initiatives fall short of achieving the established goals, carefully evaluate which factors or elements of the program to adjust. Reconsider whether the goals themselves are realistic for your school or school district. And regardless of whether you're meeting all your goals, be sure to share your findings and results with other jurisdictions so they can learn from your experience.

The [National Endowment for Financial Education's](#) research-based customizable Evaluation Toolkit offers methods to measure program impact.

Where feasible, help grow the body of knowledge of what efforts are effective in promoting financial capability by conducting a rigorous evaluation of interventions. This should include a treatment group and a control/comparison group and involve a research/evaluation office or partner to ensure validity of the research design.

Appendix of Resources: K-12 Education

State-by-State Status of Personal Finance and Related Education

- Council for Economic Education 2011 Survey of the States:
<http://www.councilforeconed.org/news-information/survey-of-the-states/>
- Jump\$tart's State Financial Education Requirements Map:
<https://www.jumpstart.org/state-financial-education-requirements.html>

Research

- Financial Industry Regulation Authority (FINRA) Financial Capability Study:
<http://www.usfinancialcapability.org/>
-

Sample Standards

- Financial Education: <https://www.jumpstart.org/national-standards.html>
- Social Studies: <http://www.socialstudies.org/standards>
- Economics: <http://www.councilforeconed.org/wp/wp-content/uploads/2012/03/voluntary-national-content-standards-2010.pdf>
- Business: <http://www.nbea.org/newsite/curriculum/standards/index.html>
- Consumer Science: <http://www.pafcs.org/fcs-standards>
- Entrepreneurship: <http://www.entre-ed.org/Standards Toolkit/>

Core Competencies

- U.S. Financial Literacy Education Commission Financial Education Core Competencies:
http://www.challenge.treas.gov/educator_toolkit/documents/Core_Competencies.pdf

Sample Teaching and Learning Resources

- American Federation of School Administrators (AFSA) Money Skill (free):
<http://www.moneyskill.org/>
- Council for Economic Education (CEE) Financial Fitness for Life (varies, free-cost):
<http://www.councilforeconed.org/resources/type/classroom-resources/>
- Everfi's Financial Literacy Platform for High Schools (free to public high schools):
http://www.everfi.com/for_schools.php
- FDIC Money Smart for Young Adults:
<http://www.fdic.gov/consumers/consumer/moneysmart/young.html>
- National Endowment for Financial Education (NEFE) High School Financial Planning Program:
<http://www.hsfpp.org/>
- Take Charge America Institute (TCAI) Family Economics and Financial Education (FEFE):
<http://fefef.arizona.edu/about-fefe>
- Visa's Practical Money Skills for Life: <http://www.practicalmoneyskills.com/foreducators/>
- Wells Fargo's Hands on Banking: <http://www.handsonbanking.org/en/educators.html>

Support Resources and Programs

- U.S. Financial Literacy and Education Commission's MyMoney.gov Website:
<http://www.mymoney.gov/index.html>
- "Money As You Grow": money milestones and activities geared for youth ages 3 to 18+:
www.moneyasyougrow.org

Examples of Topic-Specific Resources

- Econedlink: <http://www.econedlink.org>
- Network for Teaching Entrepreneurship's "Entrepreneurship: Owning Your Future": <http://www.nfte.com/resources/buy-resources>
- The Stock Market Game™: <http://www.smgww.org>

Case Studies

- Smart Tennessee Financial Literacy Program: <http://www.smarttn.org>

Program Evaluation Resources

- National Endowment for Financial Education Evaluation Toolkit: <http://toolkit.nefe.org>

Preparation for Higher Education (See Guide and Appendix for Higher Education)

- College Navigator, U.S. Department of Education, online search tool to help prospective students select where to apply: <http://nces.ed.gov/collegenavigator/>
- College Scorecard, White House and U.S. Department of Education, Online snapshot of key value metrics to help prospective students select where to apply: <http://www.whitehouse.gov/issues/education/scorecard>



A Guide to Increasing Financial Capability among Students in Higher Education



Key Steps: Institutions of Higher Education

Compared with U.S. national averages, young adults (ages 18-29) are more frequent users of non-bank borrowing (including payday loans and pawn shops), more likely to pay the minimum payment only on their credit cards, and more likely to be unbanked.²⁰ Every year, nearly 2 million low- and moderate-income undergraduates do not submit a Free Application for Federal Student Aid (FAFSA) to apply for federal financial aid, even though many of them are eligible for Pell Grants, which they would not have to repay.²¹ Seventy-five percent of students who apply for federal aid are unable to comparison shop for colleges based on actual financial aid award offers because they only list a single school on the FAFSA.

While college has never been more important, it has also never been more expensive. For the first time, Americans owe more debt on their student loans than they do on their credit cards. Students who damage their credit scores by defaulting on their student loans are less likely to secure employment because of credit checks as criteria for employment and they may face challenges in investing in a home or starting a business.

This brief guide is meant to be a resource for campus leaders as they begin to develop plans for improving students' financial capability. While this section focuses primarily on students, postsecondary institutions may also want to address the financial capability needs of faculty and staff (See "A Guide to Increasing Financial Capability among Employees in the Workplace") and consider ways to contribute to increasing the financial capability of the broader community beyond the gates of the institution through research, teaching, and service.

STEP 1: Assess Existing Efforts to Improve Financial Capability

❖ What is the current state of efforts to improve financial capability on your campus?

Key questions to answer during this process are:

- What is happening, who is involved, and what is known about results of financial capability efforts?
- What is required for students and what is optional?
- What are the qualifications of individuals leading these efforts and what is known about their effectiveness?
- What training and support is offered for instructors and program leaders?
- To what extent are financial capability efforts happening and coordinated across different departments and offices?
- How does your institution collaborate with K-12 education and other partners in this area?
- How do we facilitate education and counseling efforts, as well as other strategies such as disbursing financial aid in ways to minimize fees students pay and hosting Volunteer Income Tax Assistance sites to increase FAFSA completion and education tax credit uptake been considered?

STEP 2: Build a Team

- ❖ **Create a campus-wide voluntary, temporary or permanent task force or advisory council with members who share the collective goal of increasing financial capability and well-being.**

Key questions to answer during this process are:

- Using the information gathered in Step 1, what will be the purpose and goal(s) of the team? Will it focus on strategic planning, program design and implementation, support for instructors and staff, measurement of results, etc.?
- How will you design the team composition to meet stated goals?
- How will the team be held accountable for success?

- ❖ **Include representation from across the institution, ensuring top-level support.**

Consider including:

- Trustees
- President and Provost
- Offices of admissions and financial aid
- Bursar
- Academic deans and departments
- Professors
- Offices of student life and residence life
- Health center
- Greek life and athletics
- Student government and student organizations
- Offices of alumni relations and career services
- Institutional research office
- Parents

- ❖ **Identify potential external partners.**

The right partners will support efforts to increase college students' financial capability. Other partnerships, such as K-12 schools, family support organizations, and research centers, may provide opportunities for the institution to conduct research or ways to coordinate community education on financial matters.

Consider engaging:

- K-12 schools
- Curriculum providers
- Financial institutions
- Non-profit, community, and/or faith-based organizations
- Local/state government

STEP 3: Define the Problem and Set Program Goals, Objectives, and Metrics

❖ Identify the specific financial decisions faced by current, former, and prospective students, as well as others beyond campus.

A list of examples of specific financial decisions faced by current, former, and prospective students can be found on page 34.

❖ Gather baseline data that describes the problem and informs objectives.

- Identify national, state, district, or school indicators of the need for increased financial capability.
- Consider gathering student-specific data, for example from a financial health assessment upon enrollment, student focus groups, course grades and follow-up surveys from a personal finance course, or student aid records, to allow for personalized efforts and provide a baseline for tracking results. Any method must comply with privacy laws.
- Share the data describing the problem, as appropriate, with the school/district community to establish shared responsibility.

❖ Articulate clear goals and identify metrics for assessment.

- Create a core list of financial capability goals that if attained will mean improved financial decision-making and financial well-being for students and others
- Consider using SMART (Specific, Measurable, Attainable, Relevant, Time-bound)²² goals or some other strategic framework to set clear, actionable targets.
- Consider taking a “student success” approach and working with students themselves to identify what they need to be financially successful.
- Share the goals with the college community to establish shared responsibility.

The following is a sample, non-comprehensive list of example goals and metrics:

- By 20XX, 100% of our students complete the FAFSA each year and exhausts Federal aid before taking private loans.
- Every student uses direct deposit for work-study jobs and student loan credit balances by 20XX.
- Every student receives education tax credits for which they are eligible by 20XX.
- By 20XX, every student selects optimal loan repayment plan, repays loans, and avoids default.

STEP 4: Design the Strategy and Determine the Initiative's Components

❖ Identify a range of possible components of the strategy and determine which are most likely to be effective.

A list of example activities, tools, and efforts to promote financial capability among current, former, and prospective students follows this section can be found on page 35.

Key questions to answer in this process are:

- What are we already doing that demonstrates results and should continue?
- What are we doing that does not demonstrate results and should end or be changed?
- Which efforts are most likely to align financial capability objectives with overall educational objectives such as retention, completion, and job placement?
- What do sub-groups of students, such as veterans, students with disabilities, low-income students, or first-generation college students, need to be financially successful?
- How do socio-cultural, emotional, and psychological factors affect financial decisions and how can you design efforts with behavioral economics in mind?
- How will you design structural elements of the strategy – such as providing aid award letters in machine-readable format or opening federally-insured deposit accounts for students – in addition to counseling and education efforts?
- How will the strategy focus both on avoiding financial trouble and building wealth?
- How will you make learning activities experiential and appropriately sequential?
- How and at what time do you provide one-on-one counseling and coaching in addition to any other efforts?
- What efforts will focus on engaging students through peer-to-peer counseling, work-study opportunities, or service-learning projects connected to academic courses?
- What efforts are specifically designed to ensure professional instructors are appropriately trained and/or credentialed and receive regular feedback to improve their effectiveness?
- How will we build capacity of professionals by training appropriate faculty and staff?
- What is our commitment to contribute to the evidence base for improving financial capability by evaluating campus, community and K-12 programs using an experimental or quasi-experimental approach, and by conducting other research?

See examples of Institutions of Higher Education promoting financial capability on page 37.

STEP 5: Implement

Put your plan into place. Whether you roll out all at once or one program at a time, develop a work plan and include processes/mechanisms to monitor progress. Assign members of your team the responsibility for oversight of the implementation.

STEP 6: Evaluate Results and Adjust Accordingly

As with any successful initiative, it is critical to establish at the outset clear objectives, as well as clear milestones, benchmarks and metrics for measuring success (see Step 3). Consider whether the chosen goals are implementable and achievable, given economic realities and conflicting pressures for time and money.

If initiatives fall short of achieving the established goals, carefully evaluate which factors or elements of the program to adjust. Reconsider whether the goals themselves are realistic for your institution. And regardless of whether you're meeting all your goals, be sure to share your findings and results with others so they can learn from your experience.

Where feasible, help grow the body of knowledge of what efforts are effective in promoting financial capability by conducting a rigorous evaluation of interventions. This should include a treatment group and a control/comparison group and involve the institutional research office or appropriate faculty and graduate students. Institutions without a research mission could partner with some other research institution.

What Financial Decisions Do Students Face?

This list provides examples of specific financial decisions faced by current, former, and prospective students.

Prospective Students

- Saving for college
- Comparing colleges before applying using College Navigator, College Scorecard, net price calculators, and other tools
- Applying to multiple colleges to permit comparison shopping
- Applying for scholarships that do not need to be repaid
- Submitting a completed FAFSA to be eligible for federal student aid
- Comparing financial aid packages to select the best value program

Current Students

- Whether to borrow and how much to borrow over entire academic program, not just one year at a time
- How many credits to take and how long to take to complete the program
- Planning career paths and estimating likely earnings after completion
- Submitting a completed FAFSA to be eligible for federal student aid
- Exhausting federal aid before taking private loans
- Whether and how much to work (Federal Work-Study or some other job)
- Opening safe, affordable, federally-insured deposit accounts and avoiding fees
- Making an academic plan and a spending plan and sticking to them (understanding relationships between the pace of academic progress and financial aid eligibility, the total cost of a certificate or degree, and earnings tradeoffs)
- Comparison shopping for course materials
- Managing loan refunds (i.e. credit balances) responsibly
- Paying student loan interest while in school so it doesn't capitalize
- Paying bills on time and using credit cards responsibly
- Filing tax returns without fees and receiving eligible tax credits, such as the American Opportunity Tax Credit (AOTC)
- Building a strong credit score and avoiding adverse action on credit reports
- Preparing to make decisions about student loan repayment
- Preparing for career-related decisions such as seeking employment, negotiating salary and benefits, choosing a health insurance plan, saving and investing for retirement, making charitable contributions, weighing transportation and housing costs, interpreting pay statements and understanding taxes, etc.

Former Students

- Making career-related decisions such as those listed above
- Choosing optimal student loan repayment options, repaying loans, and avoiding student loan defaults
- Making donations to support their alma mater
- Using credit responsibly, building a strong credit score to earn favorable borrowing rates
- Saving and investing to build wealth while reducing risk through diversification
- Purchasing adequate insurance

Activities to Promote Financial Capability among Students

This list provides examples of activities to consider when creating a strategy to promote financial capability among current, former, and prospective students.

Help prospective college students make sound decisions about postsecondary education.

- Make net price calculators easy to find
- Provide aid award offers consistent with forthcoming model aid award format from U.S. Department of Education and allow students to download their award letters in machine readable format
- Provide tools for students to understand likely full cost to degree and total expected debt and monthly loan payments for different amounts of time to degree
- Partner with middle and high schools to support and evaluate instructional methods, train teachers and guidance counselors, and place work-study students as financial counselors and college advisers to help with FAFSA completion, scholarship searches, and financial planning.

Help current students identify and meet their academic and financial goals.

- Help students make and stick to a well-defined 2-year or 4-year academic and financial plan
- Use indicators of academic or financial challenges – attendance, grades, dropped classes, no books, late payments, etc. – to target interventions
- Help students plan career paths using actual and projected wage data

Consider curricular and co-curricular opportunities for financial education and counseling.

- Provide enhanced, personalized loan counseling for all student loan borrowers
- Integrate financial topics into developmental Math and English and first-year success courses and assess students' financial readiness
- Offer required or optional credit-bearing courses and certificates
- Infuse financial topics across the curriculum, not only in personal finance courses
- Show films about finances as part of a series of campus events and workshops
- Provide opportunities for students to learn about money on their own by linking to unbiased financial management games, tools, and information sites
- Use text messages and social media to send timely, actionable messages
- Require students who manage budgets (e.g. student government, student organizations) to demonstrate financial competencies

Consider policies/programs beyond financial education that improve financial capability.

- Open safe, affordable federally-insured deposit accounts for students unless they opt out of receiving one; use for student aid balances and work-study payments
- Make sure accounts or federally-insured pre-paid cards have best possible terms for students – lowest fees, strong consumer protections
- Host a student-run Volunteer Income Tax Assistance site for students, staff, and community members to get free help with preparing tax returns and completing the FAFSA
- Ensure students regularly update their contact information with loan servicers to reduce the likelihood they default on loans because they cannot be contacted

Engage students in experiential activities

- Provide financial counseling internship, work-study, and service-learning opportunities for students in academic programs related to financial empowerment and entrepreneurship, such as education, social work, and business
- Train students to act as financial counselors to peers, K-12 students, and community members
- Involve students as research assistants on financial capability research and evaluation projects

Conduct research and evaluation to build the evidence base

- Partner with K-12 schools and community organizations to help them understand the effectiveness of their financial capability efforts
- Evaluate campus programs and share results with other colleges

Appendix of Resources: Higher Education

- **U.S. Department of Education College Navigator:** <http://nces.ed.gov/collegenavigator/>
- **White House and U.S. Department of Education College Scorecard:**
 - <http://www.whitehouse.gov/issues/education/scorecard>
- **Federal Student Aid, U.S. Department of Education Default Prevention Resource Information:** <http://ifap.ed.gov/DefaultPreventionResourceInfo/>
- **Federal Deposit Insurance Corporation (FDIC) “Money Smart and Money Smart for Young Adults”:** <http://www.fdic.gov/consumers/consumer/moneysmart/index.html>
- **Federal Student Aid, U.S. Department of Education Student Aid on the Web “College Prep Checklist”:** <http://studentaid.ed.gov>
- **Consumer Financial Protection Bureau Student Debt Repayment Assistant:** <http://www.consumerfinance.gov/students/>
- **U.S. Department of Labor, Employee Benefits Security Administration:** www.dol.gov/ebsa. Several resources for college seniors including [Time Is On Your Side](#) and [Savings Fitness – A Guide to Your Money and Your Financial Future](#), videos as well as webcasts on key financial steps.
- **U.S. Department of Labor, Women’s Bureau Wi\$e Up: Financial Planning for Generation X & Y Women:** <http://wiseupwomen.tamu.edu/index.php>
- **American Institute of Certified Public Accountants 360 Degrees of Financial Literacy:** <http://www.360financialliteracy.org/>
- **Operation HOPE Banking On Our Future, College Edition:** <http://www.operationhope.org/banking-on-our-future-college>
- **The University of Arizona Family Economics and Financial Education:** <http://fefe.arizona.edu/>
- **National Endowment for Financial Education Cash Course:** <http://www.cashcourse.org/>
- **FINRA Investor Education Foundation MoneyTopia (for military families):** <http://www.saveandinvest.org/MilitaryCenter/P124790>
- **LoveYourMoney, University of Tennessee Extension – Department of Family and Consumer Sciences.** Free, online financial education resource for students: <http://loveyourmoney.org/>

Examples of College Efforts to Improve Financial Capability

Center for Financial Literacy

Champlain College, VT

The Center is a partnership between several Vermont financial institutions and Champlain College. It aims to increase financial literacy in classrooms across Vermont, ensure college students graduate with the skills to make sound decisions about spending, credit and investments, and help adults navigate difficult financial situations such as buying a home and saving for retirement. The Center has hosted K-12 teacher training workshops for Vermont teachers and partnered with a local bank to help college students access and understand their credit scores.

Center for Financial Security

University of Wisconsin, WI

Founded by the School of Human Ecology, the Center focuses on applied research that promotes individual and family financial security and aims to inform public policy about financial issues on a local, state, and national level. Researchers and graduate students investigate how to measure financial security and literacy, determine target audiences for interventions to improve financial security and literacy, and which interventions work. The Center's interactive "Financial Security Index" tool presents users with a short questionnaire that concludes with a snapshot of performance on financial knowledge, attitude, and behavior measures.

Credit-Wise Cats

Arizona State University, AZ

Trained students serve as personal finance ambassadors to local schools and the community in the Tucson area. Each year the Credit-Wise Cats host the Arizona Financial Face-Off for teams of high school students who have participated in personal finance workshops to compete for cash prizes based on their financial knowledge.

Dollars and Sense

James Madison University, VA

"Decision-making in a Modern Society," is a 3-credit course that reaches 1,500 first-year students each year. It uses real-life scenarios to give students practice making financial decisions through simulations. "Dollars and Sense" is a practical course that reviews the effect of personal philosophy on money, influences of societal expectations, and management of personal finances, and is open to parents, high school counselors, and others through the outreach and engagement office. Each semester, in "Getting Your Financial Ducks in a Row," faculty and staff across the university receive training to develop their own financial skills that they are expected to pass along these lessons to students they come in contact with. JMU also offers a 7-week non-credit course in partnership with the VA Society of CPAs and has recently formed a Personal Financial Education Committee composed of students, staff, and faculty to develop a comprehensive plan for helping students improve their financial health.

Financial Aid U

Essex County College, NJ

In partnership with the Newark Now Financial Empowerment Center, the National Community Tax Coalition Financial Aid U initiative, and the IRS Volunteer Income Tax Assistance program, Essex Community College provides free tax preparation and FAFSA completion services to reduce the number of students who pay fees for these services and to increase the number of students who receive all tax credits – including education tax credits – and student aid for which they are eligible.

Financial Life at OSU

The Ohio State University, OH

OSU views financial well-being as part of overall student wellness. In addition to providing students with links to tools like a credit card payoff and cost of living calculators, the university offers financial education and counseling services through Scarlet and Gray Financial, which is housed at the Student Wellness Center in the Office of Student Life. Peer educators use Twitter and Facebook to send students financial tips, provide downloadable information sheets for residence halls, and offer personal advising on a variety of financial topics.

Financial Literacy Research Center

Dartmouth College, NH, and University of Pennsylvania, PA

A partnership among RAND, Dartmouth, and the Wharton business school at the University of Pennsylvania (Penn), the Center develops and tests innovative programs to improve financial literacy and improve financial decision-making. Projects include financial planning videos for young adults and instructional materials on financial matters embedded in quantitative literacy courses for pre-service K-8 teachers.

Financial Literacy Seminar Series

George Washington University, DC

The Financial Literacy Seminar Series, a joint initiative between the Board of Governors of the Federal Reserve System and the George Washington University School of Business, brings together academics, practitioners, policy makers, and other experts to present and discuss research on financial literacy.

Personal Financial Planning Program

Texas Tech University, TX

The Personal Financial Planning program, part of the College of Human Sciences, offers undergraduate and graduate certificates and degrees in personal financial planning. In addition, all students have an opportunity to develop healthy financial behaviors through the Red to Black outreach program that aims to empower students through financial counseling, coaching, and training. The Center for Financial Responsibility conducts research on topics such as cultural and gender issues in personal finance and individual investor behavior.

Powercat Financial Counseling

Kansas State University, KS

Students studying to become financial professionals are paid to provide free, one-on-one financial counseling to their peers, both in person and via Skype. Students also deliver presentations on financial topics to the campus community. A student advisory board shapes the goals of the center, and social media are used to connect students to the center.



A Guide to Increasing Financial Capability among Employees in the Workplace



Key Steps: Employers

American employers are a trusted source of financial education for their employees. Providing financial education opportunities at the workplace, where there is a direct connection with earnings and benefits, can be a powerful way to inform financial decision-making. While the research on the methods to promote financial capability is evolving, more than a decade of research suggests that financial education efforts in the workplace are important to reducing financial stress, increasing workplace productivity, and promoting long-term financial well-being.

Effective financial education programs can improve employee finances. One study of a workplace education initiative in Omaha and Kansas City found that this program increased the use of budgets, reduced late payment of bills and reported delinquency, lowered credit card balances and increased the frequency of carrying no credit card balance at the end of the payment cycle. Additionally, this program significantly reduced the number of loans from 401(k) programs, produced a marked increase in retirement saving accounts and 401(k) take-up.²³ The participating companies in the initiative were diverse, including a large financial company, a health care establishment, a restaurant, and a retail enterprise.

Improved employee finances can improve employers' bottom line. Researchers have demonstrated a link between financial stress and days of work missed; in addition, financially stressed workers tend to spend more time at work handling personal finances.²⁴ One study found that 15 percent of American workers experience financial stress to such a degree that it impacts their productivity.²⁵ Another study found that financial stress is significantly linked to personal and work satisfaction.²⁶ Workers with low levels of financial stress tend to miss work less and are more productive while at work.

Offer a retirement plan to improve employee financial security. Offering a retirement plan can be one of the most challenging, yet rewarding, decisions an employer can make. The employees participating in the plan, their beneficiaries, and the employer benefit when a retirement plan is in place. Administering a plan and managing its assets, however, require certain actions and involve specific responsibilities. To meet their responsibilities as plan sponsors, employers need to understand some basic rules, specifically the Employee Retirement Income Security Act (ERISA). ERISA sets standards of conduct for those who manage an employee benefit plan and its assets (called fiduciaries). For more information, see the U.S. Department of Labor's publication entitled [Meeting Your Fiduciary Responsibilities](#).

As employers play a critical role in helping people improve their financial capability, the goal of this guide is to inspire businesses and corporations to serve as a trusted delivery point for financial education and related benefits. The resources provided are intended to serve as examples, not exhaustive lists or endorsements, of those currently available.

While we do not have all the answers, significant research has illuminated effective strategies and mechanisms to improve employee financial decision-making. We therefore offer a roadmap to help employers create financial capability initiatives with specific guidance in four key areas:

- Payroll & Benefits
- Education & Training
- Marketing & Communication
- Measuring Impact & Reporting Results

STEP 1: Assess Your Company's Efforts to Promote Financial Capability

Use the Employer Checklist (page 47) to begin assessing company efforts to empower employees to make positive financial decisions.

STEP 2: Articulate Specific Measureable Goals and Identify Related Metrics

- What are your goals related to a 401(k) or equivalent plan (e.g., to increase participation, raise contributions rates, support sound investing and achievement of retirement income security)?
- What are your most important goals related to the overall financial well-being of employees (e.g. credit card debt, investments, financial stress level, etc.)?
- As an employer, how do chosen financial wellness goals relate to an overall strategy for worker productivity, attracting and retaining talent?
- What specific metrics relate to your overarching financial capability goals?

The following is a sample, non-comprehensive list of example goals and metrics:

- Every employee will participate in our retirement savings plan, contributing a minimum of 3% of pay by 20XX.
- By 20XX, employees that retire from our company will feel and be more financially secure.
- By 20XX, every parenting employee will have dedicated savings accounts for college for his or her children.
- Every employee who faces major life events, such as buying a home or expecting a child, will receive unbiased, affordable personalized one-on-one financial counseling or other effective financial planning support by 20XX.

STEP 3: Introduce Effective Mechanisms Related to Payroll & Benefits

Proven mechanisms can help drive behavioral change. Studies have documented that it is human nature to be overwhelmed by complex decision-making and put off long-term benefits for short-term gain.²⁷ Financial decisions about retirement saving, investments, and insurance are no different. However, several strategies are proven to help drive behavior change.

❖ Learn from examples of exemplar employee benefit programs.

Resources to support these types of efforts can be found at:

- [Employee Benefit Research Institute](#) provides information about employee benefits programs and public policy.
- Learn about your options for providing a retirement savings plan at [choosingaretirementsolution.org](#) or [retirementmadesimpler.org](#)

❖ Introduce effective mechanisms to promote participation in retirement savings.²⁸

- **Defined Benefit Pension Plans:** These plans automatically cover all eligible employees, and, by relying on professionally pooled investment management and by pooling longevity risk, efficiently and effectively deliver retirement security. Backed by government guarantees, the plans can provide secure retirement income for life.
- **Defined Contribution Savings Plans:** These plans can also deliver retirement security, especially if designed to promote participation, adequate contributions, sound investing, and efficient translation of savings into retirement income.
- **Auto-Enrollment and Company Matching:** Too many employees fail to participate or save enough in available 401(k) plans. Employers can help bring workers into the retirement saving universe by assisting employees to overcome administrative barriers to saving. Automatic enrollment in retirement savings accounts has a material impact on the participation rate on new hires, with one prominent study estimating that automatic enrollment increases new hire participation in 401(k) plans by 38.5 percentage points.²⁹

Key questions to answer during this process are:

- Will you offer automatic enrollment to all employees or just new hires? What about part-time workers?
 - Will you offer a company match? If so, at what rate?
 - When will you allow employees to change their participation?
 - How will you ensure transparency in the process?
- **Default Contribution Rate:** Employees who are automatically enrolled in a workplace retirement savings plan typically maintain the default contribution rate, making the employer's decision about the default contribution rate all the more important. Studies have shown that the primary effect of selecting a higher default contribution rate is to increase contributions and that a high default contribution rate has little impact on participation.³⁰

Key questions to answer during this process are:

- Understanding that the research suggests that a high default contribution rate has little impact on participation,³¹ what rate will the company set as the default during auto-enrollment?
- At what times will you allow employees to change the rate at which they contribute?
- Will you vary the default based on employee factors such as years to retirement?
- How will you ensure transparency in the process?

❖ Introduce effective mechanisms to grow retirement savings appropriately.³²

- **Automatic Escalation:** Automatic escalation of a retirement plan is beneficial because it increases employee contribution to the retirement plan by automatically increasing the proportion saved over time or from annual salary increases and/or promotions. Auto-escalation of savings can be expected to increase employee retirement saving contributions, especially for low-income workers. One study estimates that the automatic escalation feature

may increase overall 401(k) accumulations by 11-28% in the lowest income quartile and 5-12% for those in the highest income quartile.³³ This approach helps overcome the downsides related to the initial lower contribution rate.

- **Default Investment Fund:** Just as employees typically maintain the default contribution rate, employees often keep their contributions invested in the default portfolio investment fund. Employers can help workers grow their retirement contributions over time by selecting a default investment fund with appropriate risk for each employee.
- **Consider instituting low-cost target date funds (TDFs), which account for varying levels of employee risk.**³⁴

A TDF is an investment fund that automatically resets the asset mix (stocks, bonds, and cash equivalents) in its portfolio according to a predetermined path over a selected time frame. Participants may hold on to the investment as part of their retirement savings portfolio after they retire, but the investment's name typically includes a year at or near when people investing are expecting to retire. A TDF for an older worker about to retire (such as a "2015 Fund") would typically have a lower percentage of equities in its asset mix and more bonds or cash equivalents (considered a less risky portfolio), while a TDF for a younger worker (such as a "2060 Fund") will have a higher percentage of equities and less bonds or cash equivalents (considered a higher risk portfolio).

The Pension Protection Act of 2006 instituted safeguards for employers who select TDFs as default investments for employees. A growing number of recently hired participants in 401(k) retirement plans—particularly those in their 20's— are investing in target-date funds (TDFs), according to an analysis by the Employee Benefit Research Institute (EBRI). In 2006, 28.3% of recently hired (those with two or fewer years of tenure) 401(k) participants held TDFs, and as of 2010 it has risen to 47.6% according to EBRI.

The Employee Benefit Security Administration of the U.S. Department of Labor has guidance on default investments, [target date funds](#), and related disclosures for workers in 401(k) plans.

- **Consider offering annuities or other mechanisms that help workers translate savings balances into secure retirement income streams.** As life expectancies and retirement periods lengthen, Americans are increasingly confronting the risk of outliving their assets in retirement. Managing this risk is a challenge. While we know average life expectancies, it is impossible for individuals to know how long they will live. As a result, many retirees risk outliving their savings or unnecessarily limiting their spending in retirement because of the fear of outliving their savings. Women are especially exposed to this risk. Traditionally, a guaranteed and predictable stream of lifetime income, such as a defined benefit pension, has helped to attenuate this risk, for both men and women. Lifetime income could also be provided by an annuity purchased through a 401(k) or IRA.

❖ **Introduce effective mechanisms to link employees to federally-insured financial institutions.**

- **Paper Free Checking with Direct Deposit:** Employers that offer direct deposit with federally-insured financial institutions can help their employees build a relationship with a financial institution that is advantageous in regards to borrowing and decreasing the pressure or need to borrow against the company pensions. Being a customer of a federally insured financial

institution makes it possible to utilize their financial services, such as IRA or other saving instruments that can further help employees save for retirement. Direct deposit also often provides employees with benefits such as free checking accounts and lower minimum balances. It is also safer because it removes the risk of the check getting lost in the mail, while simultaneously reducing an employer's administrative costs.

STEP 3: Initiate Financial Education & Training Efforts

Many individual financial decisions—for example, choice of health care benefits and retirement planning—are made with employer assistance. Accordingly, employers are in a unique position to understand how and why employees make financial decisions and to provide guidance.

❖ **Develop a financial health assessment that will enable employers and employees to design a customized benefit plan.**

Employees will be able to utilize an assessment to make them better prepared to deal with their personal finances going forward, which can help make them reduce financial stress in the long run.

❖ **Identify and engage strong external partners that share your stated goals of promoting financial capability.**

Consider:

- Non-profit and community organizations;
- Faith-based organizations;
- Local/state/federal government;
- Financial institutions; and
- Educational institutions that can support research and evaluation efforts.

\$tand By Me

An example of how business, government and nonprofits can work together, \$tand By Me is a partnership between the State of Delaware, United Way, and local employers to provide one-on-one financial coaching in participating Delaware workplaces. \$tand By Me financial empowerment centers are co-located within public agencies, non-profit organizations, and businesses who embrace shared goals of reaching and serving Delawareans who want to take charge of their financial future.

❖ **Provide financial information and training about the company's benefits and financial education topics like budgeting, saving, borrowing, and protecting one's identity and investments.**

Resources to support these types of efforts can be found at:

- [Society for Human Resources Management / American Institute of Certified Public Accountants – Workplace Leaders in Financial Education Award](#)
- [NYSE / Financial Literacy Center Workplace Financial Fitness Kit](#)
- [National Endowment for Financial Education Financial Workshops](#)
- [Savings Fitness: A Guide to Your Money and Financial Future](#) and [Taking the Mystery Out of Retirement Planning](#) from the U.S. Department of Labor

Examples of financial education topics include:

- Your Financial Fingerprint: Understanding Personal Financial Data
- Managing Cash Flow
- Planning for Taxes
- Making Retirement a Reality
- Maximizing Company Benefits
- Understanding Inflation
- Buying a Home
- Supporting Elderly Parents
- Making Major Purchases
- Choosing Investments Wisely³⁵

❖ Get creative.

While effectively delivered seminars and workshops can significantly improve financial decision-making,³⁶ research also indicates individuals respond to new, innovative strategies to deliver key financial lessons.

Staples

Staples has partnered with Doorways to Dreams Fund (D2D) to create—“Staples” Bite Club-- a financial education game that encourages employees to improve their retirement savings. Staples chose to use D2D’s *Bite Club*, a vampire game, in order to appeal to hourly retail employees as well as employees newly eligible for the 401(k) plan. This innovative approach engages employees using the cutting-edge game frame to improve personal financial capability, self-confidence and knowledge. In 2012, Staples won an Eddy Award from *Pensions and Investments* for its use of video games to make retirement saving, budgeting and planning fun.

❖ Customize your approach to meet the needs of your employees.

- **Customize benefits:** An increasing number of potential employees are giving significant weight to the employee benefits offered by an employer. Customized employee benefits can attract and retain talent. Employee retention is positively influenced by customized benefits packages, as employees will not want to lose their customized benefits. Customization also increases employee appreciation of company benefits.
- **Develop high quality and low cost benefit plans:** Use new [service provider fee transparency requirements](#) issued by the U.S. Department of Labor on pension plan service provider fees and investment expenses to help develop high quality and low cost pension and 401(k) plans for employees.
- **Tailor communication:** Evidence indicates that employee subgroups, such as the young, women, and near-retirement employees, benefit from communication or programs that are specifically designed for them.
- **Factor in major life events:** Evidence shows that as employees undergo major life transitions, such as the birth of a child, the death of family member, or higher education investment employees can show less productivity due to stress and adjustment. Specific information and counseling around life events can foster smoother transitions during an employee’s career.

- **Involve employees:** Employers and educators should formally and informally ask employees about the financial tools and benefits that interest them, and then design tailor-made programs for their employees.

STEP 4: Create a Robust Marketing & Communication Strategy

❖ **Craft specific and targeted messaging that is relevant to employees and integrates financial wellness into an overall employee wellness strategy.**

Research shows that the employers that have been most successful at increasing their firm's employee participation rate did so by crafting specific and targeted messaging that would be relevant to the audience and integrated financial wellness into an overall employee wellness strategy that may include physical and mental health. The financial needs of employees vary greatly depending on their life stage. As a result, it is imperative to use marketing strategies that will resonate with the target audience, increasing the probability of participation in a program.

❖ **Encourage executives and managers to communicate a coordinated message about financial well-being.**

It is imperative to get buy-in from senior leadership to establish a financial education program. Irma Marias, an FDIC Community Affairs Specialist, says, "A workshop can help draw attention to the availability of financial education workshops and show their importance."³⁷

STEP 5: Measure Impact and Report Results

❖ **Identify financial impact data to collect.**³⁸

Utilizing your measurable goals (established in Step 2) to determine what data is relevant to the employer's key stakeholders.

Examples are:

- Federal Insurance Contribution Act (FICA) expenses
- Flexible spending account (FSA) participation
- Worker productivity
- Financial security of retirement-eligible employees
- Survey data regarding credit card debt and monthly payment behaviors

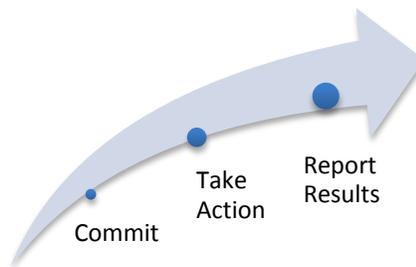
❖ **Gather the financial impact data and conduct an impact analysis.**

Most data can be obtained from the compensation and benefits department. When data is difficult to collect, make reasonable estimates and be prepared to explain your reasoning and assumptions.

Employer Checklist

Payroll & Benefits

- ❑ **Offer improved retirement saving incentives**, such as a company match on 401(k) contributions.
- ❑ **Lower barriers to retirement saving** by adopting auto-enrollment, with pro-saving features such as auto-escalation of contributions, and auto-investment in default target-date funds.
- ❑ **Help employees access financial services** by referring them to appropriately vetted institutions.
- ❑ **Offer workers a direct deposit feature** to help qualify employees for other benefits such as a free checking account or a lower minimum balance.
- ❑ **Negotiate preferred pricing** for third party goods and services, such as phone services, hotels, and rental cars.



Education & Training

- ❑ **Design and offer a financial health assessment** that allows employees to assess their financial condition.
- ❑ **Offer courses and seminars in the basics of financial management**, focused on such topics as budgeting, saving, debt management, insurance, investing, and retirement planning.
- ❑ **Develop customized financial tools and investment education** for employees to individualize their retirement plans.
- ❑ **Inform and educate employees about potential tax-related benefits**, such as the Child and Dependent Care tax credit.

Marketing & Communications

- ❑ **Create an internal communication strategy** that actively encourages employees to take advantage of company-sponsored financial capability tools.
- ❑ **Engage employees' families** to ensure lasting change in financial habits.
- ❑ **Facilitate peer-to-peer sharing** of financial management tips.
- ❑ **Deliver targeted financial information on employee milestones**, such as birthdays, employment anniversaries, or changes in family status.
- ❑ **Encourage executives and managers to communicate with employees** about the value of financial capability tools.

Report Results

- ❑ **Set specific, measurable goals** for employee financial capability and frequently track employees' progress, providing assessments at least annually.
- ❑ **Dedicate staff and budget** resources to tracking results.

Appendix of Resources: Employers

- **Employee Benefit Research Institute**, Resources to support the development of sound employee benefits programs and public policy: www.ebri.org
- **Internal Revenue Service Retirement: IRS.gov/retirement**
Online resources on choosing and maintaining retirement plans, including pension, profit-sharing, and 401(k) plans, 403(b) annuities, and IRAs, for plan sponsors, practitioners, and individuals.
- **National Endowment for Financial Education**, Resources on how to plan and deliver financial workshops financialworkshopkits.org
- **National Endowment for Financial Education**, Beginner's guide to financial readiness: smartaboutmoney.org
- **NYSE / Financial Literacy Center Workplace Financial Fitness Kit**, Online resources for employers and employees: nyse.nyx.com/financial-fitness-kit
- **Retirement resources** for employees: myretirementpaycheck.org
- **Society for Human Resources Management /American Institute of Certified Public Accountants Workplace Leaders in Financial Education Award**, recognizing companies and institutions for exemplary financial literacy efforts: <http://www.wlife.org>
- **\$tand by Me - Delaware**, A partnership between the State of Delaware, United Way, and local employers providing 1:1 financial coaching in participating Delaware workplaces: standbymede.org
- **U.S. Department of Labor "Savings Matters,"** Online resources to help employees, regardless of age or career, understand retirement savings options and to help employers, whether a large company or small business, with questions about options as well as employer responsibilities: <http://www.savingmatters.dol.gov/>
- **U.S. Department of Labor and SEC Guidance on Target Date Funds:** <http://www.dol.gov/ebsa/pdf/TDFinvestorbulletin.pdf>.

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