Building Youth Financial Assets and Capability

Cities for Financial Empowerment Fund
Prosperity Now
1st Financial Federal Credit Union

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Summer Jobs Connect: More Than a Job

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Cities for Financial Empowerment Fund

Supported by Citi Foundation
Local governments are key to implementing successful financial empowerment programs

- Know needs of residents
- Control funding streams
- Provide social services to residents
- Serve as trusted voice
- Utilize authority to regulate & enforce
- Build lasting infrastructure
Summer Youth Employment Programs = ideal integration point for financial empowerment programming

- Existing programmatic and funding infrastructure
- Scale, both within a city as well as in terms of total cities with programs
- Payroll is relevant moment to teach about banking
- Early in financial lives of participants
Thirteen SJC cities are building banking integrations into their SYEPs

- Baltimore, MD
- Chicago, IL
- Houston, TX
- Los Angeles, CA
- Miami, FL
- New York, NY
- Newark, NJ
- Philadelphia, PA
- San Francisco, CA
- Savannah, GA
- St. Louis, MO
- Virginia Beach, VA
- Washington, DC
Youth have achieved both employment and financial empowerment goals

**Employment**
- 2,100 SJC jobs funded annually (8,600 over four years)
- 110,000 SYEP jobs per year influenced by SJC programming

**Financial Empowerment**
- 8,000 accounts opened
- 27,023 youth received pay by direct deposit
- 14,700 automatically split deposits to savings
- Over $9 million saved
# SUMMER JOBS CONNECT YOUTH ACCOUNT STANDARDS

## Core Features

<table>
<thead>
<tr>
<th>Description and Terms</th>
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<tbody>
<tr>
<td>Account at Banking Institution</td>
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<tr>
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<tr>
<td>Point of Sale (POS) Capability</td>
</tr>
<tr>
<td>Minimum Opening Deposit</td>
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<tr>
<td>Monthly Maintenance Fee</td>
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<tr>
<td>Overdraft or Non-Sufficient Funds (NSF) Fee</td>
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<tr>
<td>Alternative IDs (School, Municipal, Consular, etc.)</td>
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<tr>
<td>Dormancy or Inactivity Fee</td>
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## Customer Service

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Branch Access</td>
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<tr>
<td>Telephone Banking</td>
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<tr>
<td>Use of In-Network ATM</td>
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<tr>
<td>Use of Out-of-Network ATM</td>
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## Functionality

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Deposit Capability</td>
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<tr>
<td>Withdrawal Capability</td>
</tr>
<tr>
<td>Electronic Bill Pay</td>
</tr>
<tr>
<td>Check Cashing for Checks Issued by that Bank</td>
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<tr>
<td>Online and Mobile Banking</td>
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<tr>
<td>Banking Alerts</td>
</tr>
<tr>
<td>Monthly Statements</td>
</tr>
<tr>
<td>Insured Deposits</td>
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</table>

## Strongly Recommended Features

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>New Account Screening (e.g. CheckSystems, Early Warning Services)</td>
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<tr>
<td>Remote Account Opening</td>
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<tr>
<td>Account Number Assignment</td>
</tr>
<tr>
<td>Linked Savings Accounts</td>
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<tr>
<td>Funds Availability</td>
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<tr>
<td>Money Orders</td>
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</tbody>
</table>
Cities focus on opportunities to connect with youth
These programs not only achieve short-term outcomes, but also result in true systems change.

**Banking**
- Make account available
- Promote direct deposit
- Encourage split savings

**Education**
- During app/enrollment
- During orientation
- With peer teachers

**Change partner expectations**
- Vendors/case managers
- Employers
- Internal Staffing

FE programs expanding beyond SJC
Youth improved and sustained their engagement with mainstream financial products and services.

Summer Pay is Important for Youth and Family Economic Advancement

- Youth with new accounts were more confident about banking than those who either had accounts before the summer or those who didn’t have accounts at all.

- 94% of youth with bank accounts intended to maintain the account after the summer program concluded.

- Youth with accounts (irrespective of whether account is new or existing) similarly intended to keep their accounts open.

Youth improved and sustained their engagement with mainstream financial products and services.
Youth developed and felt competent using their financial services skills and habits

- Transfer funds to reduce transaction fees
- Use auto-pay for bills
- Use mobile banking, online transfers, apps and text alerts
- Are savvy about bank account fees
- See debit cards as important to track expenses and curb impulse spending
- Value direct deposit
Children’s Saving Accounts & Credit Union Partnerships

Monica Copeland
Senior Program Manager Children’s Savings
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Prosperity Now
About Prosperity Now (formerly CFED)

Our mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.

www.savingsforkids.org
The Challenge

Many students feel like higher education is financially out of reach
  • Children from low-income households have lower expectations of completing college than higher-income peers

Paying for college is a struggle
  • 97% of college students from low-income families still have unmet financial needs after receiving financial aid
  • Nearly half of young people without a four-year degree report that they're not in school because they can't afford college.

The Challenge

Too many young people miss out on college education

• Less than 1 in 10 young adults from low-income households have a bachelor’s degree by their mid-20s

CSA’s Can Help By…

- Raising kid’s educational expectations
- Enabling them to build college savings
What Are CSA’s and How Do They Work?

- **Long-term** savings or investment accounts for children (0-18)
- Usually used for **postsecondary education**
- Provide **incentives** to build savings (e.g. seed deposit and matches)
- Account withdrawals are **restricted**
What Impact Do CSA’s Have?

Low & Moderate income CHILDREN with COLLEGE SAVINGS of just $1-$499 are 3X more likely to ATTEND COLLEGE and 4X more likely to GRADUATE FROM COLLEGE.

Graphic designed by Prosperity Now; data source: William Elliott, Hyun-a Song and Ilseung Nam, Small Dollar Children’s Savings Accounts, Income and College Outcomes (St. Louis, MO: Center for Social Development, Washington University in St. Louis, 2013).
Where are CSA Programs?

- **State CSA Programs**
  - ME Alfond College Challenge
  - NV College Kick Start
  - RI CollegeBoundbaby

- **Municipal CSA Programs**
  - San Francisco (CA) Kindergarten to College
  - St. Louis (MO) College Kids
  - Lansing (MI) SAVE

- **Private CSA Programs**
  - "I Have a Dream" Foundation (NY, CO, IA)
  - Inversant (MA)
  - Promise Indiana
Data on CSA Programs

Figure 4. Type of Accounts Used by Programs

- Savings accounts: 47.6%
- 529s: 4.8%
- Other: 47.6%

Figure 5. Types of Incentives Used by Programs

- Savings match
- Initial deposit
- Benchmark incentives
- Prize-linked savings
- Other

0.0% 20.0% 40.0% 60.0% 80.0%
Account Components

Type of Financial Institution
- Credit Union
- Bank
- 529 Provider

Back-end Structure
- Account set-up
- Program coordinator interactions

Participant Experience
- Participant interactions with account
Key Account Features

For Program Coordinators

• Ability to open large numbers of accounts at a time
• Ability to provide account activity reports
• System for differentiating between participant deposits & incentive funds
• Custodial or trust accounts held by a third party
• No/low fees for CSA program

For Participants

• No SSN or ID required to open account
• Multiple deposit options
• Ability to track accounts & incentives
• Interest-bearing or investment growth potential
• Account funds do not count towards asset limits for public benefits
Account Custodian

Purpose
• Enable automation and scale
• Open accounts on behalf of minors
• Secure savings
• Protect families from asset limits

Key Attributes
• Trusted by families
• Able to make long-term commitment
• Same as program coordinator or different organization
Additional Account Details

For more information on accounts, review Prosperity Now’s *Investing in Dreams: A Blueprint for Designing Children’s Savings Account Programs*

[www.prosperitynow.org/topics/savings](http://www.prosperitynow.org/topics/savings)
Prosperity Now’s Involvement in CSAs

Technical Assistance (TA)
• 1-on-1 TA to developing/operating programs
• Developing tools and resources

Field Building
• Sharing best practices
• Convenings

Policy Development & Advocacy
• Providing information, briefs, fact files, etc. to policymakers and advocates

Fundraising Support
1:1 Fund
CSA Resources

CSA Map/Locator
•  www.prosperitynow.org/map/childrens-savings

Investing in Dreams (CSA Design)
•  www.prosperitynow.org/topics/savings

CSA Resources (FAQs, Programs, Policy, Research)
•  www.savingsforkids.org/resources
Every Kid’s Future Campaign

Join the Campaign for Every Kid’s Future!

Go to savingsforkids.org

Join today to help achieve our vision of 1.4 million Children’s Savings Accounts by 2020!
Laura Woods
Vice President of Marketing and Community Presence
lwoods@1stfinancialfcu.org
1st Financial Federal Credit Union
1st Financial Federal Credit Union

- CDFI Credit Union
- Located in St. Louis and St. Charles County
- Focused on job training, education and sustainable housing
- Celebrating 50 years of service
College Kids
College Savings Account
College Kids Structure

• Every kindergartner in the City of St. Louis public and charter school district
• Opt-OUT program
• Deposit only custodial savings account under the Uniform Gift to Minors Act
College Kids Structure

- The Treasurer of the City of St. Louis is the Custodian (using the tax ID # of the office)
- The student is the beneficiary
- Mass open approximately 3,500 accounts each school year programmatically
College Kids Structure

- Student deposits are held at the credit union
- Incentives earned are held separately at the Treasurer’s financial institution
- Students can see the full balance using VistaShare, an online aggregate tool
College Kids Incentives

- **$50 seed deposit**, funded by Treasurer’s office
- Perfect attendance incentives
- Match incentives (**up to $100 in the first year**)
- Financial education incentives
College Kids Engagement

- Bi-Monthly family **pizza parties** at the branch
- $20 **“scholarship”** for attending students
- Meet the Treasurer
- Make deposits on site
- Incentives for credit counseling/other products
### End of Month Deposit Balances for College Kids Savings Accounts

<table>
<thead>
<tr>
<th>Month</th>
<th>Balance</th>
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<tbody>
<tr>
<td>Jan 2016</td>
<td>$777.00</td>
</tr>
<tr>
<td>January</td>
<td>$6,561.83</td>
</tr>
<tr>
<td>February</td>
<td>$7,151.33</td>
</tr>
<tr>
<td>March</td>
<td>$9,760.33</td>
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<tr>
<td>April</td>
<td>$10,550.33</td>
</tr>
<tr>
<td>May</td>
<td>$14,660.33</td>
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<tr>
<td>June</td>
<td>$16,282.33</td>
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</tbody>
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**Total Amount Earned and Saved by CSA Families**: $469,958
Average Monthly Balance in Deposit Products in College Kids Households (*not including CSA*)

<table>
<thead>
<tr>
<th>Month</th>
<th>Balance</th>
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<tbody>
<tr>
<td>Jan 2016</td>
<td>$4,704.87</td>
</tr>
<tr>
<td>January</td>
<td>$25,589.08</td>
</tr>
<tr>
<td>February</td>
<td>$51,192.13</td>
</tr>
<tr>
<td>March</td>
<td>$37,975.47</td>
</tr>
<tr>
<td>April</td>
<td>$44,846.49</td>
</tr>
<tr>
<td>May</td>
<td>$38,648.04</td>
</tr>
<tr>
<td>June</td>
<td>$39,980.15</td>
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</tbody>
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Suggestions for New CSA Programs

• Begin drafting agreements early
• Call as many CSA’s as you can
• Bring your Compliance and IT team in early
STL Youth Jobs
Summer Youth Employment Program
The Job Training Model

• Student is recruited by STL Youth Jobs
• Provided extensive job readiness training
• Placed in temporary job for the summer
• Given additional job prep opportunities
The Financial Capability Model

- Student is given 2 hours of financial literacy
- Training is provided by 1st Financial staff, Financial Empowerment Coordinator or Job Coaches
The Financial Capability Model

- Job coaches walk students through the paper credit union application
- Includes setting SMART goals and a savings allocation authorization form
- A personal finance overview form
The Financial Capability Model

• Applications and all forms are brought back to the branch by the job coaches and opened
• Students come by after the account has been opened to pick up their instant issue debit card
The Financial Capability Model

• At the age of 25, the member is automatically graduated to their next best checking product.

• They are notified of the graduation 30 days prior, letting them know what account they are graduating into.
Who is STL Youth Jobs?

- 50/50 split female and male
- 93% are looking for full time work
- 78% are totally unemployed
- Average $500 monthly income (of those working)
- 82% don’t have savings account
- 2% have already used payday loans
- 16% using check cashing services
STL Youth Jobs Structure

• Youth ages 16 – 24
• Non custodial (no parents or guardians)
• Active participant in STL Youth Jobs program
• Free STL Youth Jobs checking/savings accounts
• Free debit card
Special Account Considerations

• We had to lower our non custodial age
• We don’t mail ANYTHING to their home
• Member signs for optical statements (upon request)
• No ATM deposits
• No mobile deposits
• Typically will hold checks until cleared
End of Month Total # of STL Youth Job Accounts

- Jan 2016: 1,473
- January: 2,259
- February: 2,261
- March: 2,228
- April: 2,276
- May: 2,269
- June: 2,360
Average Monthly Balance in STL Youth Jobs Savings Accounts

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<thead>
<tr>
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<tbody>
<tr>
<td>January</td>
<td>$30,428.84</td>
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<tr>
<td>February</td>
<td>$32,588.20</td>
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<td></td>
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<tr>
<td>March</td>
<td>$48,116.76</td>
<td></td>
<td></td>
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<tr>
<td>April</td>
<td>$36,427.40</td>
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<tr>
<td>May</td>
<td>$39,188.06</td>
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<tr>
<td>June</td>
<td>$40,452.60</td>
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Average Monthly Savings Balance in 2016: $34,000
Average Monthly Savings Balance in 2017: $38,000
Average Monthly Checking Balance in 2017: $58,000