Press Releases

Joint Release	United States Department of Education Federal Deposit Insurance Corporation National Credit Union Administration

For Immediate Release — November 15, 2010

FDIC and NCUA Chairs Join Education Secretary to Announce Partnership to Promote Financial Education and Savings Programs

Officials challenge financial institutions, schools, federal grantees, and stakeholders to work together to help students and families save for college, develop smart money habits

U.S. Secretary of Education Arne Duncan, Federal Deposit Insurance Corporation (FDIC) Chairman Sheila C. Bair, and National Credit Union Administration (NCUA) Chairman Debbie Matz joined together today in signing a new agreement that aims to help millions of students get on the path to financial success. The agencies will work together to facilitate partnerships among schools, financial institutions, federal grantees and other stakeholders to provide effective financial education; increase access to safe, affordable and appropriate accounts at federally insured banks and credit unions, and encourage saving. The potential for impact is great. For example, the agreement allows the FDIC and NCUA to support the US Department of Education's 1,700 college access grantees, which engage over one million low-income K-12 students striving for higher education.

Duncan, Bair and Matz spoke with high school students at the student-run credit union branch at T.C. Williams High School in Alexandria, Va., before announcing the agreement to an audience that included bank and credit union executives; asset-building experts; educators and parents; state policy makers; and students from the Academy of Finance at T.C. Williams.

"A lack of financial literacy is a major roadblock on the path to college access and success for too many students and families," said U.S. Secretary of Education Arne Duncan. "We know that students who save for college are more likely to go. Teaching students how to make smart decisions about money from an early age – and giving them and their parents the right tools and incentives to save for financial goals, including higher education – and will help them build strong financial futures and will help us reach the president's 2020 college completion goal. I applaud the cities, schools and financial institutions that are already working together on this, and I encourage others to take on this challenge."

NCUA Chairman Debbie Matz said, "There is no better place for young people to learn these concepts than from their teachers at school, and no better partner to provide subject matter expertise for schools than financial institutions. In many underserved communities, studies show that parents learn about finances from their children, so youth financial education can benefit adults as well. We look forward to working with Education and FDIC on these shared goals."

FDIC Chairman Sheila Bair added, "Teaching young people how to responsibly handle their finances and use mainstream banking products isn't a luxury in today's economy – it is essential. Even though banking services and products evolve, consumers will always need to know the fundamentals, such as the importance of saving for a rainy day, the meaning of 'APR,' and deposit insurance. That is why this partnership between the nation's deposit insurers and the Education Department makes so much sense."

All three agencies will also work together to increase participation in the National Financial Capability Challenge, a voluntary awards program designed to challenge educators to teach high school students the basics of personal finance, and reward success.

The need for youth financial education, financial access and saving are well documented. The FDIC's research indicates that younger adults are less likely to have access to an account at a Federally-insured bank or credit union and more likely to incur sizable fees, while the National Financial Capability Study conducted by the FINRA Foundation and supported by Treasury found that younger adults struggle with basic personal finance concepts and overestimate their ability to perform simple financial calculations. At the same time, research from the Center for Social Development at Washington University in St. Louis suggests that students with a college savings account are much more likely to attend college, even while controlling for other factors.

Attachment:
Fact Sheet - PDF (PDF Help)

(FDIC: PR-251-2010)

###

Media Contacts:

U.S. Dept. of Education	Sandra Abrevaya or Elaine Quesinberry	(202) 401-1576 or press@ed.gov
FDIC	David Barr	(202) 898-6992
NCUA	Cherie Umbel	(703) 518-6330

Fact Sheet
U.S. Department Of Education, FDIC, and NCUA
Financial Access and Financial Education Collaboration Agreement

Background

The Agreement signed November 15, 2010, establishes a new federal partnership to encourage schools, financial institutions, federal grantees, and other stakeholders to work together to increase financial literacy, access to federally-insured deposit accounts, and savings among students and families across the country, with an emphasis on low- and moderate-income students and families.

The need for collaboration is well-documented. For example, the 2009 Financial Capability Survey documented that a majority of Americans do not have a "rainy day" fund, are not adequately preparing for their children's college education and their own retirement, and had not ordered a copy of their free credit report in the previous 12 months. In addition, a 2009 National Household Survey by the FDIC showed that more than one quarter of all households are “unbanked” or “underbanked” and that those households are disproportionately low-income and/or minority.

Research also demonstrates that the more people know about credit and banking services, the more likely they are to develop a plan to manage their money, save for future needs and goals, use credit responsibly, and comparison-shop. The Washington University in St. Louis found that students with a college savings account are up to seven times more likely to enroll in college.

The agencies agree on the importance of providing effective financial education and helping students and families develop positive financial behaviors, such as saving for postsecondary education or training, avoiding excessive debt, and budgeting. The agencies also agree on the importance of increasing access to safe, affordable, and convenient deposit accounts to encourage savings and limit fees paid for basic financial products and services, such as by expanding the number of initiatives around the country to increase financial access and encourage savings.

Highlights of the agreement

- Education will notify its 1,700 GEAR UP and TRIO grantees working with over one million middle school and high school students of the opportunity to receive technical assistance from FDIC and NCUA on developing, implementing, or enhancing their financial access and financial education programs. The three agencies will help schools and Education grantees identify promising practices for establishing partnerships with financial institutions and encouraging savings.
- Education and FDIC will collaborate on identifying strategies and opportunities to enhance the capacity of educators to effectively deliver financial education in the classroom and ensuring FDIC’s *Money Smart* instructional materials provide timely and accurate information on options to pay for a college education, including federal student financial assistance.
- FDIC, NCUA, and Education will inform high school teachers and stakeholders about the National Financial Capability Challenge to increase participation of high school students across the country.

- NCUA will consider making loans and grants from its Community Development Revolving Loan Fund to qualifying credit unions that partner with public schools or Education grantees to provide low- and moderate-income students with access to safe, affordable, and convenient savings accounts and to increase the financial literacy of low- and moderate-income students and families.
- NCUA will consider making insured credit unions aware of the *Money Smart* program and opportunities to use it as a foundation for their financial education initiatives.
- Education, FDIC, and NCUA will identify opportunities to set benchmarks and track the successes of this collaboration, with respect to financial literacy, financial access, and savings.

Contacts

Agency	Program Area	Press
Dept. of Education	Phil Martin, (202) 260-2831 or phil.martin@ed.gov	Sandra Abrevaya, (202) 401-1576
FDIC	Luke W. Reynolds, (202) 898-6724 or lureynolds@fdic.gov	David Barr, (202) 898-6992
NCUA	Moisette I. Green, (703) 518-1140 or mgreen@ncua.gov	Cherie Umbel, (703) 518-6330