



# Youth Savings

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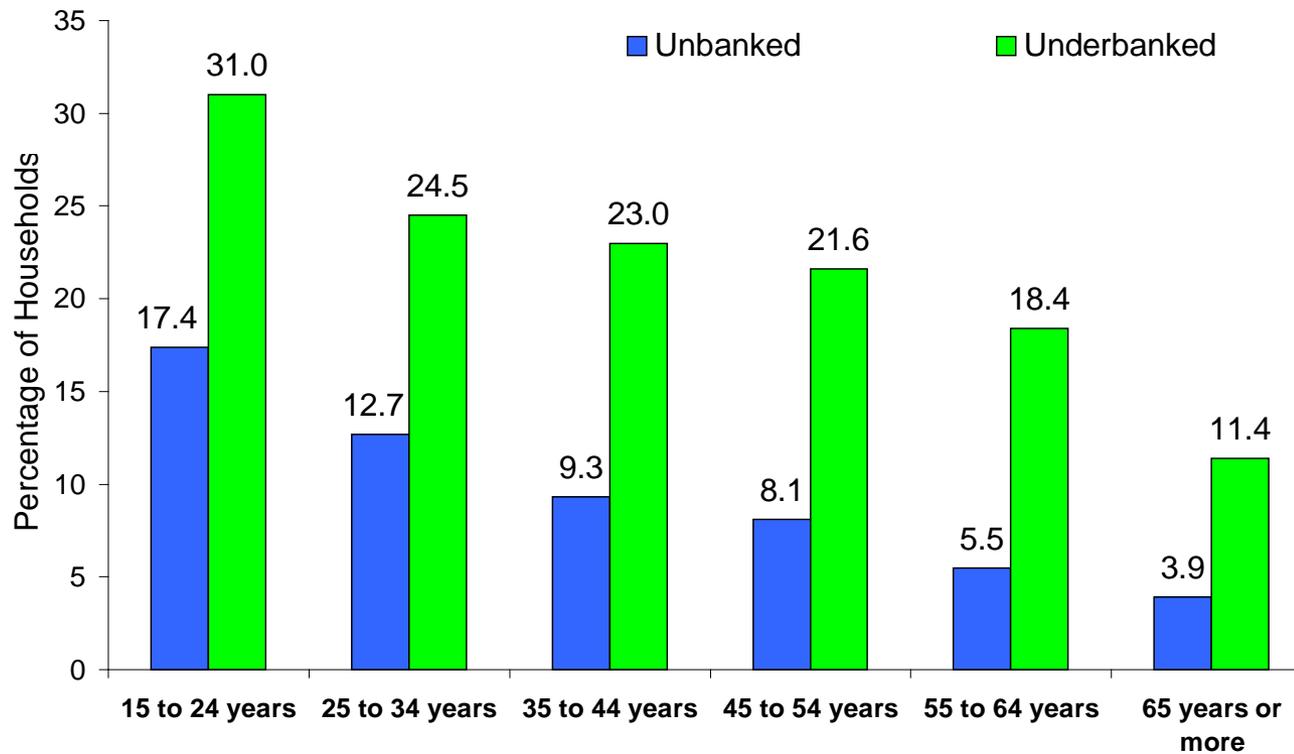


# The FDIC

- **An independent federal agency**
- **Major responsibilities:**
  - ◆ **Insuring deposits**
  - ◆ **Bank supervision**
  - ◆ **Failed bank resolution**
- **Economic Inclusion**
- **Money Smart Initiative**



# Unbanked Rates by Age





# Youth Financial Education

- **More than 1 in 6 students struggle with basics such as recognizing the difference between needs and wants**
- **Starting early improves outcomes**
- **Research shows financially capable young people are more likely to become financially secure adults**



# Goals

- **Give K-12 educators resources they can use to feel prepared and confident**
- **Encourage parents and caregivers to have conversations and do activities with their kids**
- **Promote hands-on learning, with a particular focus on financial education tied to savings accounts**



# Tools for Educators & Parents

- **Money Smart for Young People series**
- **Teacher Online Resource Center**
  - ◆ [www.fdic.gov/teachers](http://www.fdic.gov/teachers)
  - ◆ One-stop for FDIC & CFPB resources
- **Parent & Caregiver Website**
  - ◆ [consumerfinance.gov/parents](http://consumerfinance.gov/parents)





# Series Highlights

- **Every curriculum includes:**
  - ◆ Multiple lessons that can be taught alone or in combination
  - ◆ Standards alignment charts
  - ◆ Ideas for grade-level modification
  - ◆ Real-life exercises and examples
  - ◆ Suggestions for optional books or online games/tools that can reinforce student understanding
  - ◆ Ideas to integrate into existing academic subjects such as English, Mathematics, and Social Studies



# Download for Free!

## ■ **Teacher Online Resource Center**

- ◆ [www.fdic.gov/teachers](http://www.fdic.gov/teachers)
- ◆ One-stop for FDIC & CFPB resources
- ◆ Videos
  - *Shopping Wisely*
  - *Setting Savings Goals*
  - *A Field Trip to the Bank*





# Parents and Caregivers Resources

An official website of the United States Government

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## Help your children grow their money skills

Kids learn important money lessons from watching you earn, spend, save, and borrow. The CFPB and the FDIC are working together to help better prepare America's young people to make financial decisions to achieve their own goals, throughout the stages of their lives. Start with the links below to explore age-appropriate information and activities for your kids.



### Pre-kindergarten through grade 2

Children can learn about planning ahead, waiting for things they want, and finishing what they start.

### Grade 3 through middle school

Young people can learn about the financial world and pick up good habits around planning, saving, and spending.

### High school and young adulthood

Teens and young adults start to make money decisions on their own, and learn how to find and apply useful information.



- **Why Parents and Caregivers?**
- **Focus groups**
  - ◆ Parents and caregivers are pressed for time
  - ◆ No “family dinners” – money conversations happen while shopping, if at all
- **Key themes**



- **Help them play to their non-financial strengths**
  - ◆ “Thinking out loud” is a great start
- **Money Smart for Parents and Caregivers available now!**



# Youth Savings

- **School savings programs are a promising strategy to promote lifetime economic inclusion**
- **FDIC Youth Savings Pilot**
- ***Interagency Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions***



# Youth Savings

## Background on Youth Savings Programs

- Research Supporting Youth Savings Programs
  - Dept. of Treasury 2013 Study
  - Washington University in St. Louis research
- Other benefits of Youth Savings Programs include:
  - Potential qualified community development activity
  - Community goodwill and visibility
  - Broaden customer base
- FDIC Youth Savings Pilot Program
  - Phase I: Nine banks, 2014-2015 and 2015-2016 school years
  - Phase II: 2015-2016 school year



# Structure of Youth Savings Programs & Other Pilot Observations

- Wide range of structures, sizes, and details
- Four common types of program structures
  1. “Branch” located inside a school
  2. “Banking days” at school utilizing common-area space
  3. Collaborating with school partners to provide financial education and encourage account opening at existing bank branch
  4. Collaborating with community organizations as well as schools to provide financial education and encourage account opening at existing bank branch
- Tips/Lessons Learned from the Pilot Program
  - Leverage existing community relationships to find schools or other partners
  - Physical space—be flexible
  - Student instruction—adapt to school and teachers

## Youth Savings Program Guidance and FAQs

- Purpose of the guidance
  - Respond to identified need for clarification of certain relevant laws and rules
  - Remove perceived barriers to establishing and maintaining youth savings programs
- Does **NOT** create any new regulatory requirements or expectations

## Guidance Questions 1-3

- Opening accounts for minors
  - No federal law prohibition
  - Consult with bank counsel who can review for any state laws relevant to opening and maintaining accounts for minors
- Application of Consumer Protection Laws and Regulations
  - Laws/Regulations include, but are not limited to:
    - Children's Online Privacy Protection Act
    - Electronic Fund Transfer Act
    - Expedited Funds Availability Act
    - Truth in Savings Act
    - Section 5 of the Federal Trade Commission Act/Unfair or Deceptive Acts or Practices (UDAP)
  - Financial institutions may consider age-appropriate presentation of information that still meets all technical requirements.

## Guidance Questions 6-10

- Customer Identification Program (CIP) requirements under the Bank Secrecy Act, as amended by the USA PATRIOT Act
  - Written CIP is required, appropriate for institution size and type of business
  - CIP must include written, risk-based procedures for obtaining and maintaining customer information
  - CIP rules do NOT prohibit a minor from opening an account
  - Documentary and non-documentary options for identity verification
  - If parent, guardian, or third party opens an account for a minor, the parent, guardian, or third party is the customer
- CIP rules should **NOT** be considered a barrier to youth savings work

## Guidance Question 4

- CRA Consideration for Youth Savings Programs
  - Dependent on factors including:
    - The institution's CRA examination type
    - Primary purpose of activity
    - Location of activity

## Guidance Question 5

- When are branch applications not required?
  - For FDIC-supervised institutions, a branch application is not required for a program if the following conditions are met:
    - Program services are provided on school premises / in school facility
    - Program services are provided at discretion / approval of the school
    - Principal purpose of program is financial education
    - Program is conducted consistent with safe and sound banking practices and in compliance with applicable law
  - For other institutions, please refer to the Youth Savings Guidance or discuss with your primary federal regulator



## Publications

*Interagency Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions*  
(FDIC FIL 11-2015)

<https://www.fdic.gov/news/news/financial/2015/fil15011.html>

*Financial Education and Account Access Among Elementary Students*  
– US Department of the Treasury

<http://www.treasury.gov/resource-center/financial-education/Documents/AFCO%20Youth%20Research%20Brief.pdf>

*The Role of Savings and Wealth in Reducing 'Wilt' Between Expectations and College Attendance* – Washington University in St. Louis

<http://csd.wustl.edu/Publications/Documents/WP10-01.pdf>

## Other Resources

National Center for Education Statistics (student eligibility for free- or reduced-price lunch)

<http://nces.ed.gov/globallocator/>

Financial Literacy and Education Commission

<http://www.treasury.gov/resource-center/financial-education/Pages/commission-index.aspx>



# Questions / Discussion

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**<https://www.fdic.gov/consumers/education/>**