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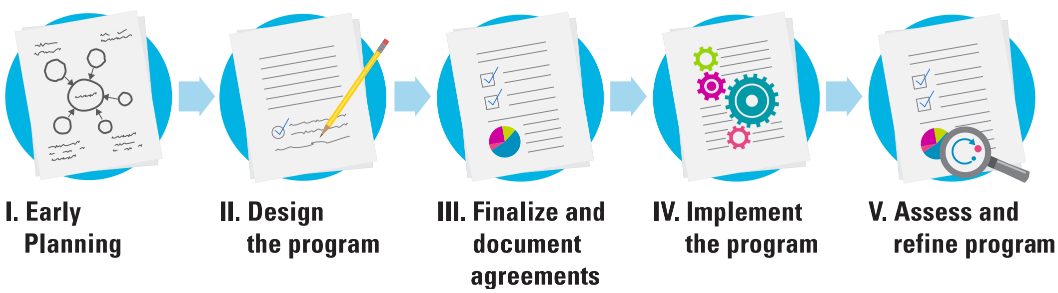
Is it a thread or part of the fabric? The financial education is strongest when it is integrated into the larger curriculum."

– Dr. Carrie Duits,
Hastings School District

3. Creating Youth Savings Opportunities

We offer a framework for establishing, supporting, and expanding youth savings programs based on the lessons drawn from the FDIC's two-year pilot. The framework includes practical guidance for five key phases.

The FDIC does not propose a specific timeline for moving through these phases because youth savings programs often take time to build. Setting up and running these programs is a dynamic process where real-world considerations and feedback from partners will continually influence program structure. While no single solution exists that will work in all situations, this framework provides useful information to consider before embarking on a youth savings program.



Phase I: Early Planning

A. **Identify objectives**. Consider starting by identifying core objectives for the program. Particularly when a specific organization is being considered as the likely partner, it may also be helpful to do some initial outreach to identify areas of relevant mutual interest. For example, student bank accounts may be a way to address a financial need in the community (such as to build college savings), or to expand the reach of financial education to students' families. Because of the multiple benefits that youth savings programs can provide, consider developing a range of potential benefits. Different aspects of the program could be important for a range of internal and external stakeholders, broadening support for the effort. Having these objectives can help make the case internally for what benefits such a program could provide.

Program objectives specific to a bank could include:

- Contributing to the bank's community mission
- Building community goodwill
- Potentially earning CRA credit

- Developing or strengthening banking relationships with schools or other organizations
- Establishing communication with potential new customers, such as teachers, students, and their families

Program objectives specific to a school could include:

- Enhancing existing financial education efforts
- Addressing state or district financial education requirements
- Strengthening other curriculum content in mathematics and social studies classes in a practical, hands-on way

B. **Reach internal agreement on program objectives before moving forward.** An internal discussion about goals should inform subsequent decisions about program design, partnerships, and implementation. Having internal agreement on objectives will be helpful when articulating clear goals to potential partners. Objectives will also drive subsequent decisions about the design of the program, such as which grade levels to target. For example, those seeking to help more young people save a significant amount toward college may want to structure accounts to include restrictions on withdrawing funds for other purposes. In contrast, those interested primarily in helping students build healthy savings habits and a familiarity of how to use a bank may opt for accounts without such restrictions and emphasize regular banking days in the classroom. And, having an objective of helping develop lifelong saving habits might result in efforts that include elementary school students and components that involve basic numeracy education.

C. **Consider where youth savings programs can do the most good.** This might mean serving schools based on factors such as the percentage of students that receive free or reduced price school meals, rather than schools with close proximity to the bank. For example, Hastings City Bank serves schools with approximately 50 percent of students receiving free or reduced price school meals. This principle also applies at the individual student level. For example, youth savings programs can provide opportunities to students who are struggling socioeconomically or academically. Also keep in mind that students at all grade levels can be engaged. The elementary school programs engendered sustained enthusiasm and developed key skills just as much as the high school programs.

D. **Engage potential partners.** Strong partnerships between banks, schools, and nonprofit organizations are the foundation of successful youth savings programs. Once a bank or school has outlined its program, it can reach out to and evaluate potential partners. Many banks initiating youth savings programs find partners through existing personal or professional relationships, such as through schools, nonprofits, or individual teachers that are bank customers. Nonprofit or faithbased organizations may also have established relationships with schools in the community, which can make it easier for banks to identify and recruit school sites for the program. Community networks are also an effective way to expand existing programs. Some banks find that, after successfully implementing a youth savings program at one school, a neighboring school district will contact them to establish a youth savings program at other schools.

E. **Be prepared to address common concerns.** Some schools may be reluctant to support what they see as commercial activity within a school setting. They may have policies that prohibit for-profit companies from marketing products to students or may have concerns about showing favoritism to a specific bank by allowing it direct, exclusive access to students. Banks can most effectively address these concerns by emphasizing the benefits that the program can have for students or by partnering with nonprofit organizations that are trusted in the community. Some banks may have concerns about the mechanics of offering programs in schools. Sharing this report and the resources available through **www.fdic.gov/youthsavingspilot** can help assuage these concerns. Community Affairs staff from the FDIC and other bank regulatory agencies may also be a resource, particularly when questions arise pertaining to regulatory requirements for the programs.

F. **Understand and be sensitive to how potential partners make decisions about the program**. When reaching out to potential partners, recognize that decision-making structures will vary. For example, many private schools may be able to make partnership decisions on their own, while public schools may be required to get district-level approval of programs that involve offering students accounts. Likewise, within a bank, a new program may be able to be approved locally or it may involve the bank's regional or corporate management in other communities. Having a detailed written summary of the proposed youth savings program to share with prospective partners can be helpful. This summary can facilitate the review and approval of the program.

Phase II: Design the Program

Important decisions that go into program design include the selection of a program model, an account ownership structure, and an approach to student financial education. It is useful to consider program design before formalizing agreements, so that all partners have a shared understanding of the program and key responsibilities. While the most appropriate solutions will vary based on individual circumstances, pilot participants provided some important lessons about what factors to consider when making those decisions.

A. **Select an appropriate program model for the youth savings initiative.** There are three primary models for youth savings programs:

   1) **Banks can open a bank branch at a school (Model 1), where banking services are offered on the school premises**. Typically, these branches are managed by an experienced bank employee, with students serving as customer service representatives for other students. Generally, these branches are fully connected to the bank's data processing system.

   2) **Banks can offer in-school banking services in common areas on specified banking days (Model 2)**. In this model, banks offer access to accounts on specified days and times in a cafeteria, gym, library, or an unused classroom. These days serve as occasions for banks to encourage students to save and reinforce financial education lessons through the banking experience. In many cases, transactions are recorded manually at the school, and bank staff then process the transactions at a nearby branch.

   3) **Banks can encourage students to open accounts at local bank branches and collaborate with schools or community organizations to provide financial education (Model 3: Accounts through Nearby Branches)**. In this model, banks partner with schools or nonprofits to provide financial education to students (and, in some cases, their families). While students do not open and use savings accounts at school, the bank provides information about how students can do so at a local branch.

   As summarized in Figure 1, the decision about which of these three models to use will depend on factors including:

   - State regulatory requirements
   - The objectives of the youth savings program
   - The objectives of school or nonprofit partners with which the bank is collaborating
   - The extent to which parent involvement is a goal of the program

- The grade level of students with whom the bank is working
- The amount of time and resources that the bank and its partners can dedicate to the program

Banks should note that a branch application might not necessarily be required for Model 1, if the primary purpose of the program is financial education designed to teach students the principles of personal financial management, banking operations, and saving for the future, and the program is not designed for the purpose of profit-making.[18] Financial institutions considering such programs should contact their regulators to determine whether such activity requires a branch application.

B. **Choose account ownership structure.** Banks can collaborate with their partners to offer several different types of youth savings accounts, and the ownership structure for those accounts can have implications for how they are set up and used by students (see Figure 4). Three common ownership structures are:

   1) **Noncustodial accounts**. These accounts can give students a greater sense of ownership, since the accounts are truly theirs. Also, since the student is the bank's customer, they often also have the advantage of not requiring parents to complete paperwork and identification verification, which can streamline the process of opening accounts at school. These account structures may also present the greatest ongoing learning opportunity for students, as students have the responsibility of managing their account.

   2) **Custodial accounts, with a parent, guardian, or other adult as the custodian**. These accounts are often offered by banks seeking to engage parents in the program, since they are required to be an active participant in the account-opening process. This is often a common approach when it is unclear whether state law allows minors to hold deposit accounts. When offering these accounts, banks should be aware of the requirements necessary for the individual deposits to be eligible for deposit insurance coverage by the FDIC upon opening and after entry into the bank's system

   3) **Trust, custodial, or other administrative account held by a school or nonprofit partner**. These accounts are useful when a school wants to maintain an account to hold the deposits of multiple students in a class, or for a college savings initiative. When group accounts are offered, banks should ensure that accounts are properly titled as custodial, agency or fiduciary accounts so that funds in the account are eligible for FDIC deposit insurance. In particular, the

[18] US Department of Health and Human Services, Quick-Reference Guide: Rules and Regulations for Assets for Independence (AFI) Programs, http://idaresources.acf.hhs.gov/servlet/servlet.FileDownload?file=01570000001cnoUAAQ.

account should be titled as "Toy Town School, for the benefit of others," or "Toy Town School, as custodian or agent for others," or similarly descriptive language and the name and ownership interest of each owner should be ascertainable from the deposit account records of the insured bank or from records maintained by the agent (or by some person or entity that has agreed to maintain records for the agent) so that each student's deposited funds, together with any other funds held by the same student at the same insured depository institution, would be insured to the maximum FDIC limit. If the group account is titled simply in the name of a school or nonprofit organization, then it will be treated as a corporate account, and all the deposited funds of each student would be pooled together and considered one account insured to the FDIC insurance limit for one account in the name of the custodian rather than deposit insurance passing through to each individual student.

C. **Ensure that programs support long-term saving.** Even a short-term savings experience can be beneficial to students, but accounts closed at the end of the school year lose the opportunity to build longer-term habits that can serve young people well into adulthood. Therefore, consider finding ways to allow students to keep accounts open and active over time. This could mean expanding savings programs into higher grades. And, even after students age out of school-based programs, banks can make the transition to a traditional account easier so that they can become lasting customers.

D. **Consider offering mobile and remote services for accounts available to high school students.** Several pilot participants found that mobile banking features and remote check deposit were valued by older students. For example, one bank reported that high school students' ability to track their accounts through a free downloadable app led more students to open and retain accounts. Another bank whose account for students included mobile services felt that this feature was a key driver in encouraging students to retain their accounts after they graduated from high school.

E. **Identify curricular materials for student financial education.** In some cases, a partner organization may already have financial education curricula in place. If so, bank account offerings should support and strengthen that existing educational content, and provide students with an experiential learning opportunity that aligns with what they are learning in the classroom. If schools do not have existing curricula in place, "off the shelf" financial education curriculum offerings are available at all grade levels, including the FDIC's Money Smart materials. Curricula also can be aligned with material being taught in core academic areas at the school, such as math or social studies.

F. **Consider involving students in program implementation.** Several pilot participants found that students can be very effective as tellers or in providing financial education—in large part because the students know best how to present material in a way that their peers will find engaging. Students in older grades also can work with those in younger grades, which gives them valuable leadership experience and the opportunity to act as role models in terms of saving behavior.

G. **Identifying a "champion"—individuals who understand the benefits of youth savings programs and are committed to implementing them—also can be helpful.** There may be multiple champions within an organization with one champion serving as the primary point of contact for the partnering organization. Champions can help with scheduling and other logistics, solicit necessary school district approvals, and build engagement within school faculty. Because of their importance to success, cultivating relationships with these champions can help ensure the sustainability of programs.

Phase III. Finalize and Document Agreements

A. **Plan for important program costs.** While youth savings programs can be implemented with relatively low costs compared to other types of initiatives, program planning should estimate those costs, so that resources can be allocated appropriately. Costs for these programs can vary depending on program design, but the most significant costs typically are:

- **Staff time/salaries.** Staff often spend time not only providing financial education, and offering in-school youth savings accounts, but also communicating with partners about planning program content and communicating with partners.
- **Distribution of materials.** Most pilot participants devote resources to reproducing and distributing education materials to students. Those that did not use existing curricula resources also needed to spend resources to develop materials.
- **Incentives.** Monetary incentives may be structured either as seed money upon the opening of an account or as matching funds if a student maintains a certain account balance over a specified length of time. Even nominal incentives can help attract student participation.
- **Promotional items.** Non-monetary incentives to students, such as pens or piggy banks, can be important motivators of student engagement, especially for younger children.

It also is important to note that collaboration can reduce these costs. For example, teachers, administrators, representatives from nonprofit organizations, or parents may be able to contribute time to support financial education or account-related activities. The FDIC's Money Smart or other free off-the-shelf financial education materials are other potential resources that can be used.

B. **Develop metrics to measure program effectiveness.** Embedding measures of success into the program can help assess effectiveness over time. These metrics should be directly based on the objectives of the program. For example, if a primary goal of the program is to give children the experience of saving to help build healthy financial habits, then consider closely tracking the number and percentage of students who are regularly contributing to their accounts. If the goal is to engage parents, then effectiveness metrics might include the number of parents attending school events, or opening new accounts themselves. Also, consider the following:

- Metrics should be measurable. For example, it is not effective to assign metrics to a program if data does not exist to be able to assess whether the metric is met.
- Metrics should be realistic. Consider looking to the experiences of pilot participants to determine what kinds of outcomes are likely from a new program. Setting a short-term bar that is too high is likely to be demoralizing and may take the focus off smaller but other important successes.
- Metrics should be set at different time intervals. For example, short-term outcomes like student participation can be tracked on a frequent, regular basis to assess progress. Other outcomes, like community impact or engagement with parents, might have to be assessed on a longer time frame. Both are important in measuring the effectiveness of a program.
- Establish clear agreements with partners. Consistent communication and clearly defined roles among partners are critical to collaborative success. While a written memorandum of understanding may not always be necessary, all partners should understand the goals of the initiative, the parameters of the program, and the responsibilities of all parties in implementation.

Phase IV. Implement the Program

A clear program design and agreements with partners lay a strong foundation for the implementation phase. The pilot illuminated a number of promising practices.

A. **Prepare those who will work with students**. Banks can select individuals from their staff to work with students, use parent volunteers, and/ or partner with teachers at the school. The dynamism and enthusiasm of the bank staff working with students can have a large impact on the effectiveness of a program because it drives student engagement and excitement. Likewise, schools will need to identify the teachers who sponsor or are otherwise involved with the effort. Training is important to ensure those responsible for aspects of the program know expectations. In addition, training for teachers or others delivering financial education can enhance the effectiveness of the instruction. One option may be training based on Jump$tart Financial Foundations for Educators®, a collaborative endeavor designed to ensure consistency and rigor in teacher training programs that is administered by the Jump$tart Coalition.

B. **Communicate early and regularly**. It is essential that banks and their school and nonprofit partners share program successes, discuss potential refinements, and understand and address any concerns or challenges. Banks should seek to work with teachers at partner schools as early as possible to plan for the school year—if possible, during the summer before the school year begins.

C. **Get parents involved in program implementation**. Parents can contribute to youth savings programs in a variety of ways, including signing consent forms, volunteering to help with school events, or participating in educational opportunities themselves. Including students' families is also an opportunity to reach parents with information about accounts and help them reinforce lessons about saving at home with their children.

D. **The goals of the program will determine the most appropriate ways for parents to get involved**. For instance, banks can use special events for parents to build goodwill in the community, and to reach potential new adult customers. Some banks even offer financial incentives (like bonus deposits into students' accounts) to encourage parents to attend this type of event. This is particularly important when a program's intended impact extends beyond students to their families.

E. **Plan for how to obtain parental consent for student accounts (if necessary)**. If the accounts require parental consent, banks and their partners can work closely together to reach out to parents at school events such as back-to-school nights or enlisting the school to help collect forms.

F. **Hold special events for students**. Special events can create excitement and enthusiasm around saving. Some banks hold simulations where students run mock bank branches, so that they can better understand how banks work and why saving is important. Others bring students on field trips to a branch, which can build students' familiarity and comfort with banking or their interest in careers in the field.

G. **Debrief with school and nonprofit partners periodically**. Banks and their partners can share experiences and lessons learned on a regular schedule, but at least annually. Performance data can be shared, and challenges or issues can be identified for resolution. Open communication will strengthen program partnerships and facilitate program improvement over time. These discussions also can produce testimonials or evidence of success (e.g., anecdotal stories of students or families that were particularly affected by the program).

H. **Broaden relationships with partners beyond a single "champion**." While the presence of a single champion at a partner organization is vital to launching and running a program, consider identifying more than one person to fill this role. It would be advantageous to have a "succession plan" in place to ensure that the program continues to have champions from partners and the bank.

Phase V. Assess and Refine the Program

While it is important to identify clear objectives before implementing a youth savings program, it is equally important to periodically revisit and refine those objectives. The experiences of pilot banks provide some valuable lessons for how to evaluate and improve the youth savings program once it is operational.

A. **Evaluate the program using performance data**. Data that are important to track include number of accounts opened, frequency with which students make deposits, and average account balance. The measures that are used to assess the initiative's success should be aligned with the goals of the program. For example, if a goal of the program is to reach students' families, outcome measures could include parent attendance at school banking events or parental awareness about the program.

B. **Understand that building successful youth savings programs can take time**. Youth savings programs can be challenging to plan and administer. As a consequence, achieving lower-than-expected results at first should not be viewed as discouraging. Focus instead on identifying the most important obstacles, and work with partners to develop strategies to address them.

C. **Expand and improve successful programs**. Successful youth savings programs can be expanded. One approach is to offer a successful program to more schools, or to additional grade levels at their current partner school, so that they can interact with students over multiple years. Expansion also can mean adding additional features to a program. For example, programs that encourage students to open and manage their accounts through a local bank branch (i.e., Model 3 as described above) could consider offering an in-school banking program (i.e., Model 2: In-School Banking). Methods for providing financial education to students also can be refined (e.g., by increasing the number of school events). Or, partners can investigate strategies for increasing parental engagement.