



Creating a Youth Savings  
Program in Your Community:

# **A Road Map for Banks, Schools, and Nonprofits**

February 2017



**Having a bank in the school has helped a lot. Students are thinking about finances more."**

– Deb Goodman  
Thomas Jefferson High School,  
a Treynor State Bank Partner



**In my 25 years in banking, [the Youth Savings Pilot] has been by far the most rewarding experience that I've had both personally and professionally."**

– Michelle Huddleston  
Commercial Bank

## **Improving opportunities for students, families and communities**

Financial education, enhanced through youth savings opportunities, can have a broad and lasting influence on students, their families, and other community residents. These programs help strengthen skills, encourage goal-setting and increase opportunities for future success.

For example, in one participating school, a teacher shared many stories of how students who were at risk of dropping out of high school became motivated to stay in school and improve their grades when they served as student-bankers or peer financial educators. Another banker relayed how in their program, high school student bankers opened 22 accounts at their in-school branch after providing financial education to just one class. At another school, based on data collected, administrators learned that students who completed six hours of financial education were more likely to apply for college or internships than students who did not.

Each child can benefit, even those not at the top of their class. For example, in one community, a school counselor noticed how one student who started participating in a bank-at-school program transformed from being withdrawn to taking enthusiastic leadership in banking activities.

Programs that build the financial capacity of students often benefit parents as well. When a high school student told his dad about the bank that visited his school to teach financial education, the conversation led the father to visit the bank the next day to open an account himself.

# FDIC's Pilot Program

Linking financial education and school-based savings programs encourages the development of savings habits at a formative age and offers an opportunity to promote economic inclusion for entire families. Moreover, bankers benefit from developing future customers and engaging families who might otherwise have limited banking experience. Positive relationships can extend beyond the students, families and teachers directly involved and help bring community leaders into efforts to increase opportunities for children to grow their financial capability and a banking relationship.

To help foster these opportunities the FDIC conducted a two-year Youth Savings Pilot to identify promising approaches to combining financial education with the opportunity to open a safe, low-cost savings account. This “road map” is based on what we learned from the 21 banks in the Pilot and their school and nonprofit partners.

This guide highlights the framework for establishing, supporting, and expanding youth savings programs based on lessons from the Pilot. If you have questions or would like to discuss further, please contact the FDIC at [youthsavingspilot@fdic.gov](mailto:youthsavingspilot@fdic.gov).

## **Establishing or expanding a program involves five basic steps.**

- I. Plan and Partner**
- II. Design the Program**
- III. Finalize and Document Agreements**
- IV. Implement the Program**
- V. Assess and Refine Program**



## Phase I Plan and Partner

- A. Identify and reach agreement on objectives within your organization.** Core objectives for the program could include helping build student savings habits early or encouraging families to save money for postsecondary education. Having internal (bank or school) agreement on objectives and writing them down will be helpful when articulating clear goals to potential partners and when making decisions about program design.
- B. Consider where youth savings programs can do the most good.** Consider schools where children and their parents face challenges in saving money or may have little banking experience. This might mean serving schools based on factors such as the percentage of students that receive free or reduced-price school meals.
- C. Engage potential partners.** Strong partnerships among banks, schools, and nonprofit organizations are the foundation of successful youth savings programs. Banks might find partners through existing personal or professional relationships. For example, reach out to principals, teachers, and community leaders who are already partners in community initiatives. School leaders might begin by speaking with a bank employee already known or approaching a manager from a bank that already works with your district or local nonprofits.

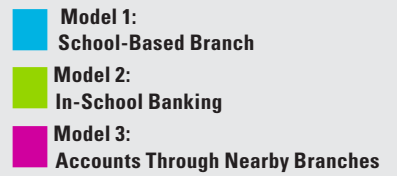


## Phase II Design the Program

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.

**A. Select an appropriate program model for the youth savings initiative.** As summarized in Figure 1, there are three primary models for youth savings programs:

- 1) Banks can open a **school-based branch**, where banking services are offered on the school premises (Model 1).
- 2) Banks can offer **in-school banking** services on specified days and times in a cafeteria, gym, library, an unused classroom, or other common areas (Model 2).
- 3) Banks can collaborate to provide financial education at the school or nonprofit and encourage students to open **accounts through nearby branches** (Model 3).



**Figure 1. Comparison of Youth Saving Program Models**

		Model 1: School-Based Branch	Model 2: In-School Banking	Model 3: Accounts Through Nearby Branches
<b>ADVANTAGES:</b>	Easy access for students to conduct banking	●	●	●
	Strong visibility	●		●
	Allows potential involvement of students as tellers or volunteers	●	●	●
	Student tellers can provide peer-to-peer financial education	●	●	●
	Account activities may also be offered to adults at the school	●		●
	Student tellers can be recruited for post-graduation employment	●		●
	May not require a branch application (see <i>Interagency Guidance in Resources</i> )	●	●	●
	Process of collecting and tracking in-school deposits can be simplified		●	●
	Provides an age-appropriate banking experience	●	●	●
	Simplest model to implement since no in-school account program is developed			●
	Lowest burden on school or nonprofit partners in terms of program investment			●
	Parents or guardians are likely to be directly involved in student savings activities			●
	No transition of accounts necessary as students move between grades or school levels			●
	Flexibility to work through a nonprofit with an existing school relationship			●
	<b>DISADVANTAGES:</b>	Need to integrate school branch with bank's IT systems	●	
Staffing and maintenance of branch can be time-consuming for bank staff		●		●
Requires longer-term commitment		●		●
Requires that a school partner provide consistent space for banking activities			●	●
Account activities are likely limited to students at the school			●	●
Less convenient for students to open, make deposits, and maintain accounts				●
Potentially less interaction between students and bank staff				●
Less direct experiential component to financial education provided in schools				●
<b>POTENTIAL CHALLENGES:</b>	Developing and maintaining security at school location (e.g., have a safe on site)	●		●
	Ensuring sustainability of accounts as students "graduate" from programs at school	●	●	●
	Logistical challenge of transporting deposits between school and branch	●	●	●
	Encouraging students to go to bank branches to open accounts outside of school hours			●

**B. Choose the account ownership structure.**

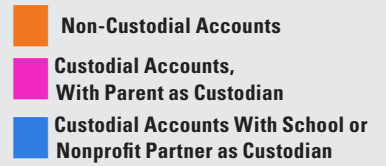
Three common account structures (Figure 2) are:

- 1) **Non-custodial accounts.** In this structure, the student (i.e., the minor) is the bank's depositor and there are no custodians or co-owners on the account.
- 2) **Custodial accounts, with a parent/guardian/other adult as custodian.** In this structure, banks offered accounts to minors and required an adult (usually a parent or guardian) to be the account custodian until the minor reaches the age of majority as defined by state law. A variant on this approach is requires the adult to be the joint owner on the account. In these circumstances, the minor shares ownership of the deposited funds with the joint owner.
- 3) **Custodial (or other administrative) accounts, with a school or nonprofit partner as the custodian.** Pilot banks tended to use this structure when offering a savings product to minors who were saving for a restricted purpose (such as higher education). In other cases, banks used this account ownership structure for schools that wanted to maintain one account that could accept deposits from multiple students in a class throughout the school year. Banks should ensure that these accounts are properly titled as custodial, agency or fiduciary accounts so that funds in the account are eligible for FDIC deposit insurance.

**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 serving high school students.** Several pilot participants found that mobile banking features were valued by older students and encouraged students to retain their accounts after they graduated from high school. 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.





**Figure 2. Comparison of Account Ownership Structures**

		Non-Custodial Accounts	Custodial Accounts, With Parent as Custodian	Custodial Accounts With School or Nonprofit Partner as Custodian
<b>ADVANTAGES:</b>	Students may feel a strong sense of ownership over the account	●		
	Funds may only be withdrawn by the account holder	●		
	The lack of need to verify the identity of an account custodian (e.g. parent) may expedite opening of accounts	●		
	By being responsible for all key aspects of the account, student learning opportunities are maximized	●		
	Engages parents in the program and offers banks an opportunity to improve their skills and knowledge as well		●	
	Avoids uncertainty if state laws are silent on whether minors can hold deposit accounts		●	
	Increased ability to monitor and restrict usage of account funds to ensure they are used for program purposes (e.g., college tuition)			●
	Flexibility to open school- or class-wide accounts with tracking of amounts attributable to individual students			●
	Flexibility to open accounts for all children under an “opt out” model			●
<b>DISADVANTAGES:</b>	Limited ability to restrict usage of account funds by students for a specific goal such as higher education	●		
	In some states, laws may not specifically permit minors to have non-custodial accounts	●		
	Requires collection of forms from parents for account opening		●	
	The potential educational value of the program can be minimized if parental engagement is not strong		●	
	Potential for parent use of the account funds for purposes other than those of the program		●	
	Accounts that restrict withdrawals for educational expenses may offer limited learning opportunities on normal account operation			●
	Students may need to open a second account for savings or other banking products if used to offer a shared class account, may make it difficult to maintain accounts when students transition between school years			●



**Kids [are] talking about spending. Students are having conversations about college debt. They are thinking about saving.”**

– Kimberly Vaughn  
Muscle Shoals High School,  
a First Metro Bank partner

**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 studying in the classroom. If schools do not have existing curricula, “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 learning objectives for math, social studies, or other core academic topics.

**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 may 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. Also, consider engaging a variety of young people who can benefit from learning about banking and not just the “best students.”

**G. Identifying “champions”—individuals who understand the benefits of youth savings programs and are committed to implementing them—is helpful, but broader support is also needed.**

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. Cultivating relationships with these champions can help ensure the sustainability of programs. As the program develops, assure that, if there is a key champion, he or she has organizational support and that the program is not overly reliant on that one person’s commitment.



## Phase III Finalize and Document Agreements

- A. 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 and key personnel in implementation.
- B. Plan for important program costs.** While youth savings programs can be implemented with relatively low costs, these expenses should be estimated during this phase so that resources can be allocated appropriately. Costs can vary depending on program design, but besides any set-up costs of in-school facilities, the most significant costs typically include staff time, materials, incentives, and promotional items (such as stickers for younger children or piggybanks).
- C. Develop metrics to measure program effectiveness.** Embedding measures of success into the program can help assess effectiveness. These metrics should relate to program objectives. 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 metrics might include the number of parents attending school events, or opening new accounts themselves. Overall, consider making assessments measurable, realistic, and appropriate for evaluation at different time intervals. Examples include number of accounts, regularity of deposits and improvement in understanding of financial concepts.



## 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 can identify the teachers who sponsor or are otherwise involved with the effort. Training is important to ensure that those responsible 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 the Jump\$tart Coalition's Financial Founda-

tions for Educators<sup>®</sup>, a collaborative endeavor designed to ensure consistency and rigor in teacher training programs ([www.jumpstartcoalition.org/financial-foundations-model.html](http://www.jumpstartcoalition.org/financial-foundations-model.html)).

**B. Communicate early and regularly.** Open communication will strengthen program partnerships and facilitate program improvement over time. Banks and schools, as well as parent or nonprofit organization participants, will help avoid problems if they share experiences and lessons learned regularly. Progress reports can be shared, and challenges or issues can be identified and addressed. Surface success stories (e.g. stories of students or families that were particularly affected by the program)



**We see a new level of excitement and confidence in students. [They are] excited about getting tools to plan and manage their financial futures.”**

– David Pickett  
Fidelity Bank

to use in developing program momentum. 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—perhaps during the summer before the school year begins.

**C. Involve parents 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, such as through special events for parents or incentives for parental

participation, is also an opportunity to reach parents with information about accounts and help them reinforce lessons about saving at home with their children. Particularly if the accounts require parental consent, reach out to parents at school events such as back-to-school nights.

**D. 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. Other banks bring students on field trips to a branch, which can build students’ familiarity and comfort with banking or peak their interest in finance-related careers.



## 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.

- A. Evaluate the program using performance data.** 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 administer. 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 successful programs.** 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, such as strengthening financial education offerings or increasing parental engagement efforts.

**Telling your story is an important factor in achieving program goals. Here are examples of programs using each of the three models.**



#### Model 1: School-Based Bank Branch

First Metro Bank, headquartered in Muscle Shoals, Alabama, has two school-based bank branches at the local high schools. Its school branches are complemented with financial education provided by teachers and bank staff in the classroom. In addition, the bank trains student bankers in the summer so that they are ready to open accounts, take deposits and provide peer-based financial education at the bank branch located on school grounds when the branch opens in the Fall. Non-custodial accounts are opened at the school branches. The bank reported a significant increase in account openings after it lowered the required minimum age to open a savings account to 15 and allowed accounts to be opened with \$1 and had no maintenance fees.



“

**The students in our school-based program gain self-esteem. Their attendance records come up.”**

– Dora Brown  
International Bank of Commerce



### **Model 2: In-School Banking**

WesBanco Bank, headquartered in Wheeling, West Virginia, has six elementary school-based bank savings programs in West Virginia. The in-school banking takes place in common areas of the schools such as the cafeteria or library. An array of financial education tools are used in the classroom, including the FDIC’s Money Smart curriculum. Students can earn a \$10 incentive on their custodial account if they keep \$10 in their account for at least 90 days. Bank staff found that the accounts opened for children stayed open for eight years on average.





**This is a great program to fight generational poverty and promote college aspirations.”**

– Barbara Schoolcraft  
Passumpsic Savings Bank.



### **Model 3: Accounts Through Nearby Branches**

Montecito Bank & Trust, headquartered in Santa Barbara, California, offers a year-round financial literacy program through workshops and classes to youth and adults in predominately low- and moderate-income area schools. In addition, the bank partners with a local foundation to teach a four-week financial education course to 6th and 8th graders at five elementary schools. These students can open a custodial savings account with a minimum of \$5 and receive a \$50 bonus for opening the account and an additional \$25 for maintaining a \$50 or more balance for six months. As a result of its youth savings activities, some Parent Teacher Associations and schools moved their accounts to the bank, and the bank is considering expanding its program to include a school-based branch.

## Appendix

These resources draw on the more extensive resource list available at [www.fdic.gov/youthsavingspilot](http://www.fdic.gov/youthsavingspilot).

***Interagency Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions.*** The guidance is intended to encourage financial institutions to develop and implement programs to expand the financial capability of youth and build opportunities for financial inclusion for more families. It also addresses frequently asked questions that may arise as financial institutions collaborate with schools, local and state governments, nonprofits, or corporate entities to facilitate youth savings and financial education programs. The frequently asked questions concerning this guidance is available at [www.fdic.gov/news/news/press/2015/pr15021a.pdf](http://www.fdic.gov/news/news/press/2015/pr15021a.pdf).

***Statutory Requirements for Opening Bank Accounts for Minors by State.*** This Conference of State Bank Supervisors resource offers insights on relevant state laws and resources. <http://facts.csbs.org>.

***Hands-On Learning to Build Financial Habits: Federal Resources to Encourage School-Based and Youth Savings Programs.*** This resource from the Financial Literacy and Education Commission contains practical resources relevant to banks, nonprofits, and schools for youth savings programs. These resources are listed in [www.treasury.gov/resource-center/financial-education/SiteAssets/Pages/commission-index/Savings%20Program%20Resources%2003-02-15.pdf](http://www.treasury.gov/resource-center/financial-education/SiteAssets/Pages/commission-index/Savings%20Program%20Resources%2003-02-15.pdf).

***Teacher Online Resource Center.*** This site offers teachers resources from the FDIC and CFPB to help teach children from pre-K through age 20 about money or other financial topics. See [www.fdic.gov/teachers](http://www.fdic.gov/teachers).

***Resources for Parents and Caregivers.*** This site offers activities and conversation starters to help children develop money skills, habits, and attitudes that can serve them well as adults. See [www.consumerfinance.gov/money-as-you-grow](http://www.consumerfinance.gov/money-as-you-grow).

***Financial Education and Account Access among Elementary Students: Findings from the Assessing Financial Capability Outcomes Pilot*** report. The U.S. Treasury Department's two-year pilot evaluated the impact of classroom financial education and access to a school bank or credit union on the financial knowledge, financial attitudes, and use of financial institutions among elementary school students. The full report is available at [www.treasury.gov/resource-center/financial-education/Documents/Financial%20Education%20%20Account%20Access%20Among%20Elementary%20Students%20Findings%20from%20the%20Assessing%20Financial%20Capability%20Outcomes%20You%E2%80%A6.pdf](http://www.treasury.gov/resource-center/financial-education/Documents/Financial%20Education%20%20Account%20Access%20Among%20Elementary%20Students%20Findings%20from%20the%20Assessing%20Financial%20Capability%20Outcomes%20You%E2%80%A6.pdf).

***Building Blocks to Help Youth Achieve Financial Capability: A new model and recommendations.*** This CFPB white paper examines "how," "when," and "where" youth typically acquire critical attributes, abilities, and opportunities that support the development of adult financial capability and financial well-being. This white paper is available at [www.consumerfinance.gov/documents/921/092016\\_cfpb\\_BuildingBlocksReport\\_ModelAndRecommendations.pdf](http://www.consumerfinance.gov/documents/921/092016_cfpb_BuildingBlocksReport_ModelAndRecommendations.pdf).



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