

# Consumer Financial Protection Bureau

GPO | October 18, 2016



# Disclaimer

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# CFPB representative

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## CFPB's Mission

The mission of the Consumer Financial Protection Bureau is to make markets for consumer financial products and services work for consumers by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

# The Consumer Financial Protection Bureau

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Our mission is to make markets for consumer financial products and services work for Americans.



## **Educate**

An informed consumer is the first line of defense against abusive practices.



## **Enforce**

We supervise banks, credit unions, and other financial companies, and we enforce federal consumer financial laws



## **Study**

We gather and analyze available information to better understand consumers, financial services providers, and consumer financial markets.

# Consumer Education and Engagement Division

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## Consumer Education & Engagement

Consumer Engagement

Financial Education

Financial Empowerment

Older Americans

Servicemember Affairs

Students

### **Our mission:**

Educate and empower consumers to make better informed financial decisions.



Consumer Financial  
Protection Bureau

# Community Financial Education Program

Libraries - becoming the go-to  
resource for financial education in  
every community

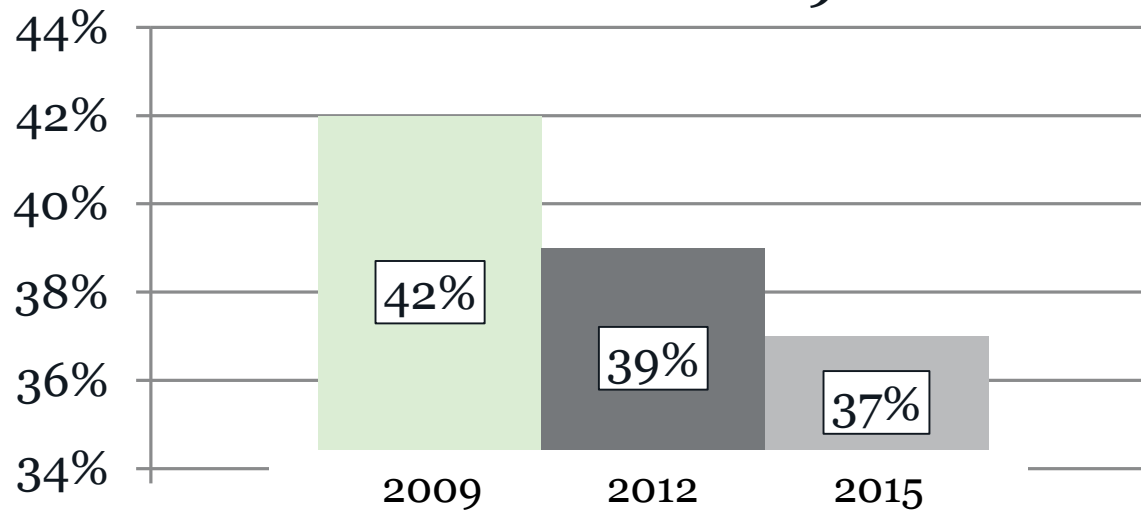
# Why is financial education important?

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## 2015 National Financial Capability Study:

*Study participants were asked five questions covering aspects of economics and finance encountered in everyday life. In the U.S., 63% are unable to answer at least four of the five questions correctly.*

### Percentage who answered 4+ questions correctly is on decline since 2009



Source: 2015 National Financial Capability Study  
<http://www.usfinancialcapability.org/>



# Why is financial education important? – Short Term Planning

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## **Day to day money management**

- Only 56% use a household budget
- About half have some difficulty covering expenses and paying bills

## **Prepared for emergencies**

- 50 percent do not have a 3-month rainy day fund

# Why is financial education important? – Long Term Planning

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## **Most Important Time Period:**

- 27% of respondents consider periods of 5 years or more to be most important.

## **Retirement:**

- 56% have not planned for retirement

## **College:**

- “Less than half of those with financially dependent children are setting aside money for college education.”

# Why is financial education important?

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## **Potentially Costly Behaviors:**

- 47 percent carried a balance on their credit card
- 32 percent paid the minimum payment only on their credit card
- 26 percent have used at least one alternative borrowing method

## **Financial Well-being:**

- Less than 1/3 reported being satisfied with personal financial condition

# Listening to consumers

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- In 2011 and 2012 we did a number of listening sessions across the country and spoke with financial educators, service providers, representatives of local government and nonprofit organizations.
- Consumers may not know where to turn for unbiased help when facing a financial decision or problem.
- When this happens, small problems can grow into much bigger ones.

# Challenge

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- According to FINRA-IEF, less than 1/3 of Americans reported having been offered financial education.
- High impact, community focused financial education effort:
  - What is a resource in every community that can offer consumers
    - Free access
    - Unbiased information
    - Helpful and knowledgeable staff
    - High degree of trust?

# Libraries, the obvious answer

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- Cover virtually every community in the U.S.
- There were 170.6 million registered borrowers across all public libraries.
- 1.5 billion in-person visits, equivalent of 4.0 million visits each day.
- On average, Americans visited a public library 4.8 times per year.
- Program attendance increasing (28.6% from FY2006 to FY2013) with 96.5 million attendees in FY2013 alone.
- An important resource for parents and low- and moderate-income households.
- In one year, 19 million (25 percent) of all public access users logged on at their public library for commercial needs or to manage their personal finances.

# Promotional Videos

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- We provide two promotional videos you may use. Both videos feature librarians.
- Valuing Partnerships features Director Cordray promoting the importance of working with libraries.
  - [Working Together](#)
  - [Valuing Partnerships](#)

# Community Education Library Campaign

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- Project launch: Summer 2013
- Project goals:
  - Build a community financial education infrastructure in coordination with libraries and national partners to reach consumers in their neighborhoods.
  - Take advantage of existing programs and resources already in the field.
  - Expand existing financial education efforts already occurring in communities.
  - Encourage and amplify the sharing of best practices.



# CFPB's role

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- We provide you with resources:
  - Webinars and in-person trainings on financial topics for staff development
  - An inventory of resources for reference use and program development
  - Program ideas
  - Marketing materials
  - Connections with local organizations
  - A Community Partnership Guidebook
- Go to [consumerfinance.gov/library-resources](https://consumerfinance.gov/library-resources)

# Our national partners

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- Institute of Museum and Library Services
- American Library Association
  - Public Library Association
  - Reference and User Services Association
- FINRA Investor Education Foundation
- Foundation for Financial Planning
- United Way Worldwide
- USDA Cooperative Extension Service
- Money Smart Week by the Federal Reserve Bank of Chicago
- Federal Deposit Insurance Corp.
- Federal Trade Commission
- National Foundation for Credit Counseling
- Social Security Administration
- National Endowment for Financial Education

# Your role

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- You don't have to be financial experts or provide all the help patrons need.
- You can:
  - View the webinars to increase your financial knowledge
  - Start conversations to learn more about your patrons needs so you can guide them to effective resources
  - Establish referral partners who are objective and can help patrons when you are unable to help
  - Use and provide feedback on CFPB-provided resources



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Adult financial education

Youth financial education

Resources for libraries

Program ideas

Librarian training

Marketing materials

Websites, videos, and courses

## We want to make libraries the go-to source for financial education

The Consumer Financial Protection Bureau is working with libraries to provide websites, worksheets, guides and other information to help with a consumer's money decisions.

### Monthly training webinars

Check out our financial education training

Overview: Community education project with libra

Community Education Library Campaign



## Free Publications for Libraries

Order free financial education materials you can share with patrons or use in your presentations.

All materials are free from the CFPB and other government agencies.

Order up to 1,000 free copies of each publication. If you need larger quantities, contact [orders-pueblo@gsa.gov](mailto:orders-pueblo@gsa.gov).



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# Program idea topics

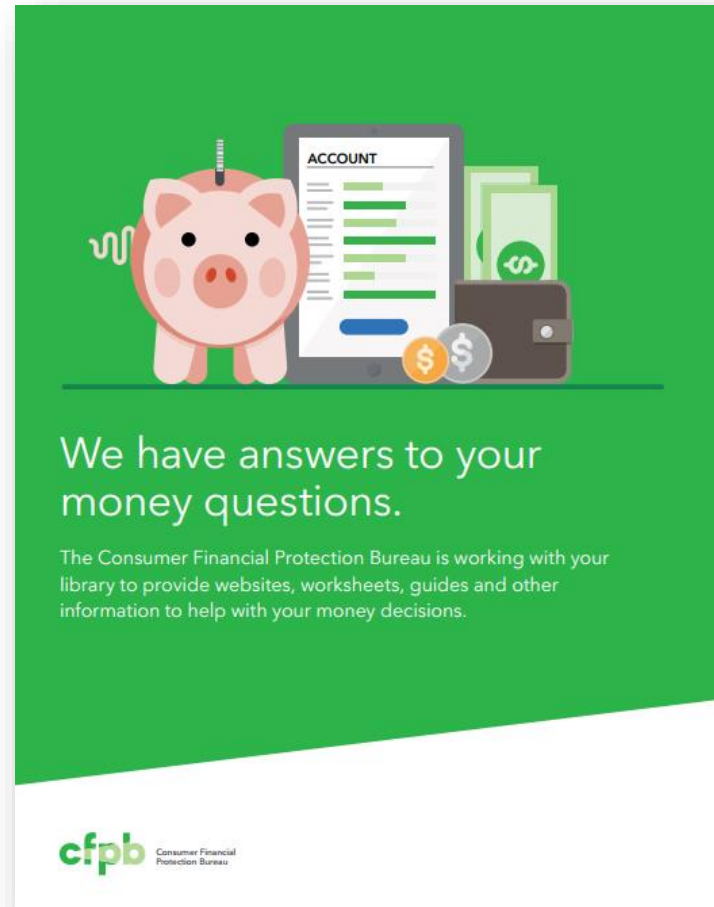
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- Income and benefits
- Saving and paying for college
- Financial institutions, products, and services
- Spending
- Identity theft
- Saving
- Investing
- Credit, debt, and debt repair
- Frauds, scams, and consumer rights
- Credit reports and scores

# Marketing materials

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- General marketing materials that guide patrons to the library as a source for financial literacy materials
- Materials focused on financial topics
- Materials including posters, table tents, and bookmarks



# Community Partnership Guidebook

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- The Guidebook:
  - Lists potential national, state, and local partners
  - Provides an overview of CFPB
  - Helps libraries build and strengthen community partnerships
  - Includes staff resources



# Money as You Grow

Activities and conversation starters for parents and caregivers | October 2016



# Today's discussion

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- Parents and caregivers are a key influence
- How children develop, financially
- Introducing: Money as You Grow at the CFPB
- Discussion

# Parents and caregivers

# Parents and caregivers are a key influence

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- Adults say their own parents were the source of important money habits, skills, and attitudes

Source: Financial well-being: The goal of financial education. CFPB (2015)  
[consumerfinance.gov/reports/financial-well-being/](http://consumerfinance.gov/reports/financial-well-being/)

- Research reinforces that parents and caregivers are the key influence on children's financial development




Source: Foundations of Financial Well-Being: Insights into the Role of Executive Function, Financial Socialization, and Experience-Based Learning in Childhood and Youth.  
<http://onlinelibrary.wiley.com/enhanced/doi/10.1111/joca.12068>

# How children develop, financially




# Three components of youth financial capability

	<b>①</b> <b>Executive function</b>	<b>②</b> <b>Financial habits and norms</b>	<b>③</b> <b>Financial skills &amp; decision making</b>
<b>What it is</b>	Self-control, working memory, problem solving	Healthy money habits, norms, rules of thumb	Factual knowledge, research and analysis skills
<b>What it supports</b>	Future orientation, perseverance, planning and goal setting, general cognitive ability	Decision shortcuts for navigating day-to-day financial life and effective routine money management	Deliberate financial decision-making, like financial planning, research, and intentional decisions

# Primary developmental stages

	<b>Executive function</b>	<b>Financial habits and norms</b>	<b>Financial skills &amp; decision making</b>
<b>Early childhood (ages 3-5)</b>			
<b>Middle childhood (ages 6-12)</b>			
<b>Adolescence and young adulthood (ages 13-21)</b>			

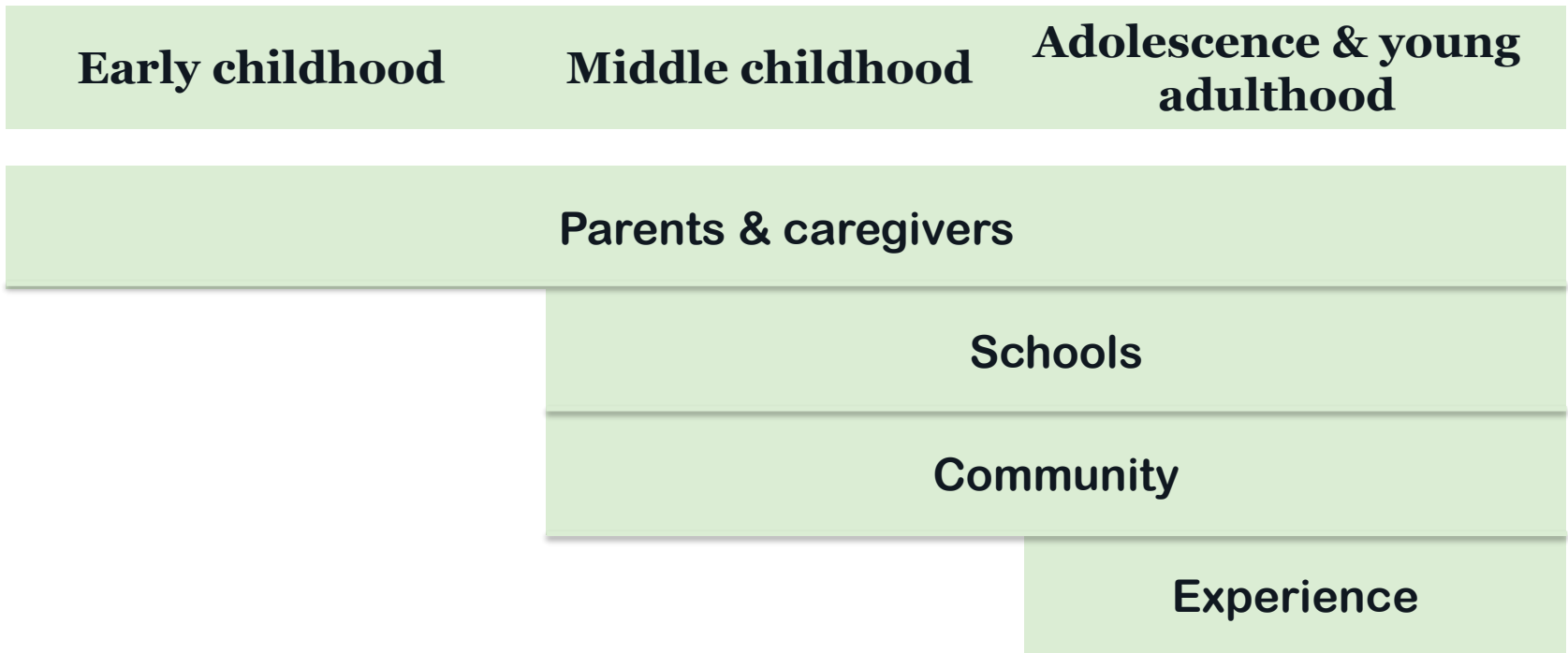
# Development is a continuous process

	<b>Executive function</b>	<b>Financial habits and norms</b>	<b>Financial skills &amp; decision making</b>
<b>Early childhood (ages 3-5)</b>		Early values and norms	Basic numeracy
<b>Middle childhood (ages 6-12)</b>			Basic money management
<b>Adolescence and young adulthood (ages 13-21)</b>	Development continues	Development continues	



# Channels for developing financial capability

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# Introducing Money as You Grow at the CFPB

# Background: President's Advisory Council

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- One outcome of the President's Advisory Council on Financial Capability was the development of [moneyasyougrow.org](http://moneyasyougrow.org)
  - Spearheaded by Beth Kobliner, chair of the working group
- Site grew in popularity and reached one million hits in 2015

Source: Visitor counter at <http://www.bethkobliner.com/kids/money-as-you-grow-has-a-new-home/>

# New home at the CFPB

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- On March 17, 2016, CFPB launched its Money as You Grow section for parents and caregivers

[www.consumerfinance.gov/money-as-you-grow](http://www.consumerfinance.gov/money-as-you-grow)

# Structured around the developmental phases

## Money as you grow

Try these activities and conversation starters to help your children develop money skills, habits, and attitudes that can serve them well as adults.



### Early childhood

Young children, ages 3 to 5, develop basic skills and attitudes that lay the foundation for later financial well-being. Help them learn to stay focused, make plans, follow directions, complete tasks, and solve problems.

[See activities and conversation starters](#)



### Middle childhood

In middle childhood, ages 6 to 12, kids are beginning to absorb and interact with the financial world around them. Help them build financial habits and values that shape how they earn, save, and shop.

[See activities and conversation starters](#)



### Teen years and young adulthood

Teens and young adults, ages 13 to 21, begin to make more of their own financial decisions. Give them chances to make money choices, experience natural consequences, and reflect on their decisions.

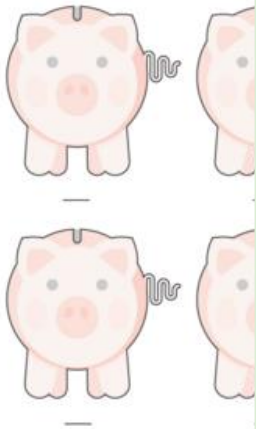
[See activities and conversation starters](#)

# Featured activities

## Featured activities for early childhood

### Money sort

Place coins into their appropriate piggy bank.



### Money sort [↓](#)

Practice sorting everyday categories: Where do you use money, and where do

### Pretend play

## Featured activities for middle childhood

### Bingo on the go



### Bingo on the go

In your community or check off the places you about how each place public, private, nonprofit combination of these.

## COMING SOON

## Featured activities for the teen years and young adulthood



### Family members' jobs [↓](#)

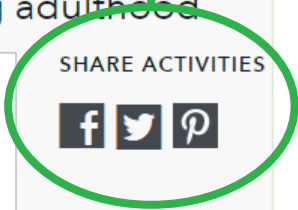
Research and compare the jobs held by family members and what education and training it took to get there.



### College Scorecard [↗](#)

Whether college is years away or just around the corner, your teenager can explore and compare schools online.

You're invited to share the activities on your own social media



# Activities and conversation starters

## Money as you grow: Conversations and activities

Earn | Money is taken out of your paycheck for taxes Hide -

“Your paychecks might be smaller than you expect, because taxes are taken out first.”

- Discuss the difference between gross pay (before taxes are taken out) and net pay (the amount you take home).
- Explain that the W-4 form, which you fill out when starting a job, determines the amount of taxes taken out of a paycheck.
- Explain that tax brackets vary depending on how much you earn.
- Discuss what taxes pay for, including schools, road maintenance, and medical help for the elderly.
- Walk through your teen’s paycheck together, item by item, to figure out what is being deducted and where the money goes.

Save | Have at least 3 months’ expenses saved up Show +

Save | Compound interest is a powerful force on your side Show +

Plan | You can have short-term and long-term goals Show +

Shop | Compare investing benefits, risks, and costs Show +

Shop | When comparing colleges, be sure to consider costs Show +

Borrow | Pay off your credit card balance each month Show +

Protect | Insurance helps you protect what you have Show +

# Why it works

## How kids develop money skills

Most people get their money habits and skills from their parents and caregivers. (Probably you did too!) That's why we think it's important to give parents and caregivers some background in how children develop, financially.

Ultimately, most adults seek financial well-being. CFPB's research shows that people feel they have financial well-being when they:

- Have control over day-to-day, month-to-month finances;
- Have the capacity to absorb a financial shock;
- Are on track to meet their financial goals; and
- Have the financial freedom to make the choices that allow them to enjoy life

We went on to identify behaviors, knowledge, skills, and personal characteristics that appear to help people achieve greater financial well-being, within their own circumstances. Then, we considered the building blocks people tend to develop as children, which can have a lasting impact on financial well-being in adulthood.

## Skills develop in stages

In the table below are the three broad childhood developmental stages where different skills and behaviors come into focus (and they continue to develop into adulthood).

Development of these behaviors, knowledge, skills, and personal characteristics overlap multiple developmental stages and can develop at different periods based on




# Money as You Grow Book Club

Parent Guides



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# Money as You Grow Book Club

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[Money as You Grow book club](#)

## Money as You Grow book club

Start here to find popular books for children ages 4 to 10 that you can read together and discuss. Our book list and guides can help you get started reading and talking about money choices like saving, spending, and more.



### About the book club

The Money as You Grow book club is a family financial education program that uses children's books to help families learn key money concepts through reading, play, and quiet one-on-one talks.

Many parents and caregivers are eager to build a good financial literacy foundation for their kids, but might not feel they have enough time, tools, and confidence. Fortunately, many of the building blocks for financial well-being - like patience, planning, and problem-solving - don't require a lot of financial know-how.

# Your Role

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Money as You Grow book club

Guides for managing someone else's money



## Bring the book club to your library

With our implementation guide, you can set up a book club in your library, school, or other organization. The facilitator can be anyone who wants to help parents and young children build positive money attitudes and habits. The step-by-step implementation guide shows you how.

[Download implementation guide](#)

[Order printed copies](#)

# Money as You Grow Book Club Items on Library Publications Order Page

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# Your feedback

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- Your feedback will help us better meet your needs.
- Share your comments and questions with us at [financialeducation@cfpb.gov](mailto:financialeducation@cfpb.gov).
- Have a good idea? Share it with us.
  - Program ideas
  - Ways to get the word out
  - Partners

# Thank you

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- Get more information at [www.consumerfinance.gov/library-resources](http://www.consumerfinance.gov/library-resources)
- Connect with us
  - On Linked In – CFPB Financial Education Discussion Group
  - By email [financialeducation@cfpb.gov](mailto:financialeducation@cfpb.gov)

# Questions?