

Teaching Financial Literacy to Traditional Students: Different Strokes for Different Folks





What surprises you most that your students do not know about financial wellness?



Educate Students from the Beginning

“A lack of financial literacy may explain why 42% of millennials took out a payday loan or auto title loan, used a pawnshop, got a tax refund advance or purchased a rent-to-own product in the past five years.”



30% are overdrawing their checking accounts



Nearly 25% admit that others would be horrified if they knew about their spending habits

Source: <http://www.moneytalksnews.com/42-percent-millennials-are-engaging-this-risky-financial-behavior/> (Jan 2016)



Today's Objectives

1. Identify the benefits to your students
2. Discuss the benefits to your institution
3. Determine your students' needs



Today's Objectives

4. Consider a variety of methods
5. Review ways to check for success
6. Tools and resources



“Total undergraduate enrollment in degree-granting postsecondary institutions increased 31% from 13.2 million in 2000 to 17.3 million in 2014. By 2025, total undergraduate enrollment is projected to increase to 19.8 million students.”



Source: http://nces.ed.gov/ipeds/data/ipeds_indicators/indicator_cha.asp



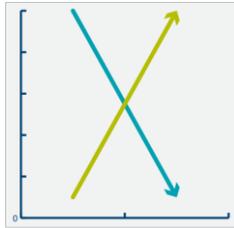
Benefits to Your Students

- Acquire grade-level appropriate knowledge and skills related to basic financial concepts
- Educate first-year students on the value of lower indebtedness
- Help first-year students avoid making financial mistakes while in school
- Prepare graduating seniors for loan repayment and financial success



Benefits to Your Institution

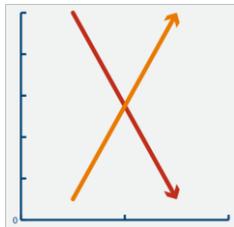
- Minimize **loan default**
 - Financially educated students are less likely to default
- Improve **retention**
 - Students without financial are more likely to stay in school



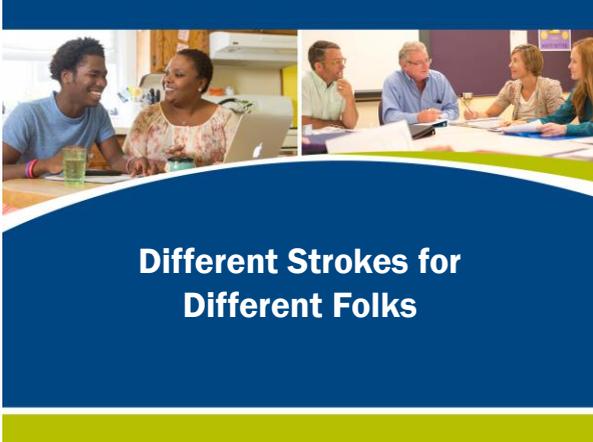
GREAT LAKES

Benefits to Your Institution

- Increase **alumni giving**
 - Students with loan repayment or other financial struggles are less likely to give back
- Lower **average student loan debt to report**
 - Shopping sheet



GREAT LAKES



Different Strokes for Different Folks

Statistics Tell a Story

- A recent study of first-year students revealed:
 - Nearly 40% of freshman students sign-up for credit cards
 - It would take roughly 12 years for a student to pay off a \$1,000 credit card debt with an 18% interest rate if they are making only minimum payments



Source: <http://www.consolidatedcredit.org/personal-finance/college/credit-on-campus/>



Statistics Tell a Story

- A recent study of first-year students revealed:
 - Only 52% knew that too many credit cards can negatively impact your credit score
 - 60% believed that using checks and debit cards help to build credit
 - 47% believed that a student loan cosigner will not be held accountable for paying off the loan if the student doesn't find a job



Source: <https://www.goodcall.com/news/college-students-failing-at-financial-literacy-according-to-recent-study-04368>



Freshmen

- Illustrate the basics of budgeting
- Remind them to pay attention to deadlines
- Teach them to balance a checkbook
- Coach them on needs vs. wants
- Encourage living like a student
- Develop relationship with the servicer



GREAT LAKES

Freshmen

- Explain the importance of applying for scholarships
- Instruct them to use NSLDS
- Prepare them to understand financial aid award letters
 - Help them know the difference between gift aid and self-help
 - Advise students on criteria for maintaining scholarships



FRESHMEN

GREAT LAKES

Share Ways to Save

- Buy used textbooks
- Look for student discounts
- Share housing
- Consider small things that can add up
 - Eating more meals at home
 - Using in-network ATM
 - Pay bills on time to avoid late fees



GREAT LAKES

Sophomores

- Stress the importance of staying in school
- Cultivate an understanding of credit basics
- Educate on identity theft prevention



GREAT LAKES

Sophomores

- Advocate the use of career assessment tools to facilitate choosing a major
- Share the benefits of using NSLDS prior to borrowing again
- Reinforce budgeting
- Implement strategies to use credit cards wisely
 - Understand how interest rates affect the total payment when borrowing money



GREAT LAKES

Statistics Tell a Story



About 80% of students in the U.S. end up changing their major at least once

1 2 3

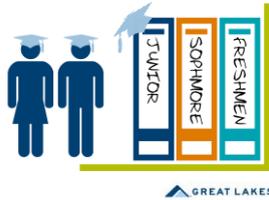
On average, college students change their major at least **three times** over the course of their college career

Source: National Center for Education Statistics

GREAT LAKES

Juniors

- Promote successful steps to graduating on time
 - Recommend staying with chosen major
 - Encourage regular meetings with their academic advisor



Juniors

- Support the consideration of co-op and internship opportunities
- Remind them to use NSLDS before they borrow again



Statistics Tell a Story

Almost one-third of college students, when reflecting back on their freshman year, admit that they were not very well for personal money management on campus



Three out of four admit to having made mistakes with their money when they arrived on campus



Statistics Tell a Story

When asked how closely they tracked where their money was being spent, fewer than forty percent said they track their spending very closely



About 14% of American adults mentioned their company's retirement plan when asked about ways they save

Source: <http://www.financialeducatorsCouncil.org/financial-literacy-statistics/>



Seniors

- Explain the expenses associated with graduation
 - Graduation expenses at school
 - Interviews
 - Relocation
- Guide them on what to do during their grace period
 - Use servicer websites to help manage their student loan debt



Seniors

- Review ways to use NSLDS and annualcreditreport.com to facilitate student loan repayment
- Cover financial basics associated with their first job
 - Paycheck basics
 - Taxes
 - Insurance
 - Investing



Seniors

- Explain the role of financial planners and other organizations that manage money for others
- Share tips for those going on to graduate school



A collage of three photos. The first photo shows a man with a headset, likely a customer service representative. The second photo shows a person in a blue uniform with a stethoscope, likely a healthcare professional. The third photo shows hands typing on a laptop keyboard. Below the collage is a blue banner with the text 'Consider a Variety of Methods'.

Consider a Variety of Methods

Things to Consider

- What additional needs might your students have?
- Which offices on campus would you involve?
- How frequently would you provide interaction with your students?



Things to Consider

- What are some unique activities you could implement?
- How might you encourage attendance?
- How could you do it with little to no resources?



GREAT LAKES

Programming

- Online learning
- Classroom sessions
- Special interest sessions
- Residence halls, clubs, and organizations
- Financial aid counseling



GREAT LAKES

Online Learning

- Choose a set of online modules to offer students for independent learning
- Offer a log-in for students and for parents
- Use apps



GREAT LAKES

Classroom Sessions

- Train students to act as peer mentors to provide financial literacy programming
 - Consider upperclassmen or graduate students
- Advertise to faculty as an alternative to cancelling class



Special Workshops

- Offer a variety of topics
- Some sessions can be grade level specific while others could have a more global appeal
- Check with residence hall directors and campus organizations



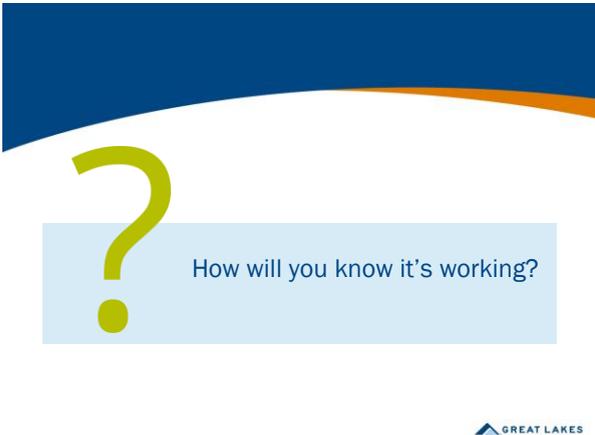
Financial Aid Counseling

- Consider targeting counseling towards at-risk students
 - Those with satisfactory academic progress concerns
 - Students with undecided majors
 - Students with multiple types of loans (private, federal, institutional)
 - Those considering a transfer to another institution or withdrawal





Review Ways to Check for Success



How will you know it's working?





Measurements

- Attendance
- Positive evaluations
- Participation level
- Completion of activities
- Requests for future programs
- Changes in behavior





Conclusion

Young Americans (18 to 34-year-olds) nationally were more likely to be less financially capable than older Americans, with

-  **23%** spending more than their household income
-  **68%** not having money set aside to cover expenses for three months (rainy day fund)
-  **34%** engaging in non-bank borrowing
-  and averaging only 2.6 correct out of 5 questions covering concepts of economics and finance expressed in everyday life

Source: <http://www.jacolorado.org/financial-literacy-statistics-undergraduate-and-graduate-students/>



Grace Period Outreach



What types of information do you (or can you) include in your grace period correspondence?



Outreach Campaigns During Grace

- Use letters, emails, and postcards to encourage, inform, and/or remind borrowers how to prepare for repayment
- Validate their contact information



Outreach Campaigns During Grace

- What borrowers need to know:
 - Sign up for online account access with their loan servicer
 - Create a budget to determine affordability
 - Review all available repayment plans
 - Use calculators to help them find the plan they can afford to pay and meet their goals



GREAT LAKES

Outreach Campaigns During Grace

- What borrowers need to know:
 - The servicer will offer them a choice of repayment schedules during their grace period
 - If they do not select a schedule, the servicer will establish the standard repayment schedule



GREAT LAKES

Outreach Campaigns During Grace

- What borrowers need to know:
 - They can change their plan
 - They can change their due date
 - If they have difficulty making a payment, they can postpone with a deferment or forbearance
 - Longer repayment periods will cost them more in interest
 - They should contact their servicer if they have difficulty making payments



Fine Tune Your Focus

- Students have various developmental needs depending on class level – one size does not fit all
- Financial aid information can be tailored to each class level to improve both student engagement and financial literacy results
- Your student affairs colleagues can help you provide grade-level specific programs to your campus



Helpful Resources

NorthStar Ready-To-Use Resources

- <http://nseds.com/resources/>
 - Financial Literacy That Sticks
 - Financial Literacy Curriculum
 - Handout: \$tats That Matter
 - Identity Theft Checklist
 - Infographic: Loan Repayment

Free resources for the good of all



Resources

- feedthepig.org
- 360financialliteracy.org/Life-Stages/College-Students
- practicalmoneyskills.com
- nefe.org
- mint.com



Resources

- jumpstart.org
- mint.com
- moneymattersoncampus.org
- cashcourse.org
- mymoney.gov



Thanks for Attending



© Great Lakes Higher Education Corporation & Affiliates
