Developing Youth Financial Capability Skills

Leslie Jones
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Today’s discussion

- Intro to CFPB
- Intro to CFPB Youth Financial Education
  - Financial Well Being
  - Building Blocks
  - Personal Finance Pedagogy
  - Curriculum Review Tool
- CFPB resources
About the CFPB
Our mission

The Consumer Financial Protection Bureau (CFPB) helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.
We work to

**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

**Financial Education**
- Identify and promote effective financial education practices, provide education content

**Consumer Engagement**
- Create interactive, informative relationship with consumers

**Servicemembers**
- Improve financial protection
- Monitor Service members’ complaints
- Coordinate with DoD, etc.

**Older Americans**
- Protect against financial abuse
- Improve financial literacy
- Planning for life events

**Students**
- Increase awareness of debt when selecting a college
- Monitor student’s complaints
- Build campus awareness

**Financial Empowerment**
- Improve financial stability for low-income & other economically vulnerable consumers
## What we do

Promote more effective financial education for more consumers through trusted sources

<table>
<thead>
<tr>
<th>Deliver</th>
<th>Support channels for delivering financial education to consumers</th>
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<tbody>
<tr>
<td>Support</td>
<td>Encourage consumers to <em>ask, plan, and act</em> and support them with tools to do so</td>
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<tr>
<td>Research &amp; Identify</td>
<td>Undertake foundational research to improve the impact of financial education and identify elements of effective practices</td>
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How we’re putting research into practice

We’re here to support the teachers, parents, caregivers, administrators, and community leaders who help youth build financial knowledge, skills, and habits.

- Teaching pedagogy
- Teaching tool (wheel)
- Working with high school students

Policy

- Support community leaders by fostering connections, providing tools, information, and insights

Practice

Parents

Consumer Financial Protection Bureau

- Money as you grow
- Money as you grow book club
- In English and Spanish

www.consumerfinance.gov/youth-financial-education
www.consumerfinance.gov/money-as-you-grow
What is financial well-being?

- **Financial well-being**: a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life.
  - It is not how much you earn, it is about being able to make decisions with the money you have to allow you to experience peace of mind.

**Financial capability** is the internal capacity to act in one’s best financial interest, given socioeconomic and environmental conditions

The four elements of financial well-being

- CFPB created a first ever consumer-driven definition of personal financial well-being for adults
- Our research suggests that there are four elements of financial well-being:

<table>
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<th>Present</th>
<th>Future</th>
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<tr>
<td><strong>Security</strong></td>
<td><strong>Future</strong></td>
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<tr>
<td>Control over your day-to-day, month-to-month finances</td>
<td>Capacity to absorb a financial shock</td>
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<tr>
<td><strong>Freedom of choice</strong></td>
<td></td>
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<tr>
<td>Financial freedom to make choices to enjoy life</td>
<td>On track to meet your financial goals</td>
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What is youth financial capability?

Building blocks
Where and when during childhood and adolescence do people acquire the foundations of financial capability?

- CFPB researched the childhood origins of financial capability and well-being
- CFPB has identified how, when, and where youth acquire critical attributes, abilities, and opportunities that support the development of financial well-being
- CFPB has created a developmentally informed, skills-based model

### Three Building Blocks of Financial Capability

1. Executive Function
2. Financial habits and norms
3. Financial knowledge and decision-making skills
Building Block 1: Executive Function

What it is:

Self-control, planning, problem-solving

Future orientation, perseverance, planning and goal setting, general cognitive flexibility

What it supports in adulthood:

Saving, setting financial goals, developing and executing budgets

Examples of financial application in adulthood:

develops ages 3-21
Building Block 2: Financial Habits & Norms

**What it is**
Healthy money habits, norms, rules of thumb

**Decision shortcuts for navigating day-to-day financial life and effective routine money management**

**Examples of financial application in adulthood**

**What it supports in adulthood**

**Having a system to pay bills on time**

*primary focus of financial development during ages 6-12*
Building Block 3: Financial Knowledge and Decision Making Skills

**What it is**
Factual knowledge, research and analysis skills

**Deliberate financial decision-making, like financial planning, research, and intentional decisions**

**What it supports in adulthood**

**Examples of financial application in adulthood**

**Effective comparison shopping**

becomes fully relevant during ages 13-21
Youth Personal Finance Pedagogy

Opportunities to teach personal finance
How children learn math concepts

- Development of fundamental skills:
  - Counting
  - Ordering
  - Measuring
  - Problem Solving (addition, subtraction, multiplication & division)
  - Work with fractions, graphs, coordinates and formulas
  - Work with expressions, functions, inequalities and probabilities

Ped•a•go•gy
the activities of educating or instructing; and/or art and science of teaching
Financial Education Pedagogy

The CFPB Personal Finance Pedagogy is a guide to teach personal finance skills to children.

The four (4) part pedagogy:

- Improve executive functioning skills such as planning and problem solving
- Create and encourage positive financial habits and effective money management
- Build financial research skills to compare and contrast options
- Design safe opportunities for youth to practice financial decision making

Youth Personal Finance Pedagogy: teaching tool

We have additional guidance segmented by grade levels, such as high school.

SAMPLE PROGRAMS

Executive Function
- Mind in the Making
- Tools of the Mind

Financial Habits and Norms
- FinancialProtection.usa.gov
- OnGuardOnline.gov
- MyCreditUnion.gov (Activities)
- Understanding Taxes @IRS.gov

Financial Skills and Decision Making
- FederalReserveEducation.org
- MyMoney.gov (Life Events)
- Youth.gov (Career Exploration)
- Admongo.gov (Advertising)
### Executive Function (in teenagers)

**Watch for a student to demonstrate:**

- Impulse control - thinks before acting
- Strong working memory – remembers key information
- Flexible thinking – adjusts to the unexpected
- Planning and prioritizing – decides on a goal and how to meet that goal
- Task initiation – knows how to start on a project

**To develop these skills you can:**

- Model consistent routines
- Give students lesson outlines
- Give step-by-step directions
- Use rubrics that describe what a successful assignment looks like
- Break assignments down into smaller chunks with deadlines that build to a final assignment
- Build students’ confidence over time by grading work completed, rather than focusing on work left undone.
Create Positive Financial Habits and Norms (in teenagers)

### Watch for a student to demonstrate:
- Positive attitude – places value on savings, planning and self-control
- Savings norms – considers for what, when and how to save money
- Spending strategy - considers for what, when and how to spend money

### To develop these skills you can:
- Define positive habits such as saving for short-term and long-term goals and needs
- Discuss values that support healthy saving and spending plans
- Build math skills though hands-on exercises
Build Financial Knowledge and Decision-Making Skills (in teenagers)

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<th>Watch for a student to demonstrate:</th>
<th>To develop these skills you can:</th>
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<tr>
<td>Positive decisions - makes spending and saving choices aligned with their goals and values</td>
<td>Develop students’ ability to compare and contrast so they can analyze their options</td>
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<tr>
<td>Self-confidence – confronts new situations with optimism in ability to make a positive choice</td>
<td>Identify safe resources and tools for the students’ to use in research</td>
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<td>Research skills – sees where research is needed, identifies trustworthy sources for information, and evaluates the information</td>
<td>Make lessons relevant to students lives</td>
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<tr>
<td>Math skills – performs the calculations needed to make practical financial decisions</td>
<td>Provide opportunities for repeated practice</td>
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Overview of the Curriculum Review Tool
Overview: what does the tool do?

- You can use this resource to select curricula that are:
  - Accurate and unbiased
  - Demonstrably effective
  - Informed by existing financial education content standards & curriculum frameworks
  - Designed to help students develop a range of financial knowledge, skills, and capabilities.
How the Curriculum Review Tool can help you
What’s in the Curriculum Review Tool?

The curriculum review tool helps you review financial education curricula across four dimensions: **content, utility, quality, and efficacy.**

- **Content**: Covers core knowledge and skills in content standards.
- **Utility**: Supports effective teaching.
- **Efficacy**: Improves financial knowledge, skills, or behaviors.
- **Quality**: Accurate and well presented.
What’s in the Curriculum Review Tool?

- Within each dimension, the tool is structured by a set of: criteria, indicators, and questions/components.

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<th>Structure of the Curriculum Review Tool</th>
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<td>Dimensions</td>
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<td>Questions/components</td>
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</table>
From dimension four: curriculum efficacy

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<tr>
<th>Inclusion criterion</th>
<th>Is the study strong?</th>
<th>These questions should be answered for each study.</th>
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<tr>
<td>1.1</td>
<td>The study uses a rigorous design, such as a randomized controlled trial (RCT) or quasi-experimental design, with a comparison group.</td>
<td>Does the study use a comparison group? (e.g., state averages, students not participating in the intervention)?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Does the study use an RCT design or a quasi-experimental design with a comparison group shown to be similar on observable characteristics?</td>
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<tr>
<td>1.2</td>
<td>Study procedures and implementation are thoroughly described, including the practices or curricula the treatment and comparison groups receive.</td>
<td>Does the study adequately describe the intervention received by the treated students and (if applicable) the materials/practices delivered to the comparison students?</td>
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Score: Efficacy inclusion criterion

- Add up the total number of essential components: 8 YES, 0 NO
- Add up the total number of beneficial components: 2 YES, 4 NO

If all essential components scored “yes,” complete criteria 2 and 3.
If one or more beneficial components scored “no,” do not complete criteria 2 and 3.
CFPB Tools and Resources
CFPB’s Youth Financial Education webpage

Youth financial education

We’re here to support the teachers, administrators, and community leaders who help students build financial knowledge, skills, and habits. The tools and resources listed here show recommended policies and practices for K-12 financial education.

- Access and read our Reports on:
  - The Building Blocks of Financial Capability
  - Advancing K-12 Financial Education

- Access our personal finance pedagogy and tools such as the teaching wheel

www.consumerfinance.gov/youth-financial-education
Teacher Online Resource Center

- The FDIC and CFPB collaborated to create the Teacher Online Resource Center
- The site features videos that offer ideas on how to teach money topics
  - Shopping wisely
  - Setting savings goals
  - A field trip to the bank

www.fdic.gov/consumers/education/torc/
Money as You Grow: for Parents and Caregivers

Make it easy for parents and caregivers to find age-appropriate tools, activities, and information to help them put their children on the path to financial well-being in adulthood.

- Age-appropriate games and resources
- New home for the popular moneyasyougrow.org site
- Reinforced by CFPB research on children’s financial development
- And more: blog posts, social media outreach, and e-mail

www.consumerfinance.gov/money-as-you-grow/
Money as you grow: book club

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

- **Alexander, Who Used to Be Rich Last Sunday** by Judith Viorst
- **A Bargain for Frances** by Russell Hoban
- **The Berenstain Bears & Mama’s New Job** by Stan and Jan Berenstain
- **The Berenstain Bears Trouble with Money** by Stan and Jan Berenstain
- **My Rows and Piles of Coins** by Tololwa M. Mollel
- **Ox-Cart Man** by Donald Hall
- **Sheep in a Shop** by Nancy Shaw
- **A Chair for My Mother** by Verna Williams
- **Count on Pablo** by Barbara deRubertis
- **Curious George Saves His Pennies** by Margaret and H.A. Rey
- **Just Shopping with Mom** by Mercer Mayer
- **Lemonade in Winter** by Emily Jenkins
- **The Purse** by Kathy Caple
- **The Rag Coat** by Lauren Mills
- **Those Shoes** by Maribeth Boelts
- **Tia Isa Wants a Car** by Meg Medina

FinEx: Resources for Financial Educators

An inventory of materials that you can access, download, and use for free.

files.consumerfinance.gov/f/201505_cfpb_finex-resource-inventory.pdf
Paying for College

Welcome!

It’s more important than ever for students and former students to make smart decisions about financing their college education. Whether you’re attending college soon, are a current student, or already have student loans, we’ve put together some tools and resources to help you make the best decisions for you.

STUDENT FINANCIAL GUIDES

For many people, how to pay for a college education is one of the first major financial decisions they’ll make. These guides cover some of the big decisions you’ll face and will help you understand your options for financing your college education.

www.consumerfinance.gov/paying-for-college
Banking on campus

If you're a student starting college for the first time or transferring to a new college, you may be busy meeting new roommates and going through orientation. During these first few weeks, you may also need to get a checking or prepaid debit account.

www.consumerfinance.gov/students/
We offer clear, impartial answers to hundreds of financial questions. Find the information you need and make more informed choices about your money.

Credit cards

Whether you're shopping for a new card or managing an existing card, it helps to have the facts. From late fees to lost cards, get answers to your credit card questions.

Filter results by audience or topic

Search for answers

See the most common questions up front

consumerfinance.gov/askcfpb
Order CFPB Publications

CFPB Bulk Publications

Order free Consumer Financial Protection Bureau publications.

The central mission of the Consumer Financial Protection Bureau (CFPB) is to make markets for consumer financial products and services work for Americans—whether they are applying for a mortgage, choosing among credit cards, or using any number of other consumer financial products.

You may download products by clicking on each product’s name, and download Adobe Reader to view the products. Please allow 3-4 weeks for delivery.

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