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Nefe Digest

May/June 2012

Mexican-Americans Build Social Capital As Wealth

NEFE Research Probes Financial Practices of Immigrant Community

National Endowment for Financial Education

Silvia Marquez of Colorado is gearing up for her daughter Teresa's 15th birthday *quinceañera* celebration 20 months in advance. Like many Mexican immigrants, Silvia plans to ask close friends to *apadrinar*—to godfather, or financially sponsor—the reception hall, the cake, ritual items for the mass, and the fancy dress and crown Teresa will wear to celebrate her transition to adulthood. This mother of three has participated as a *madrina,* or godmother, for the baptism of another friend's child, spending $400 for the baby's baptismal clothes, necklace, shoes, and blanket.

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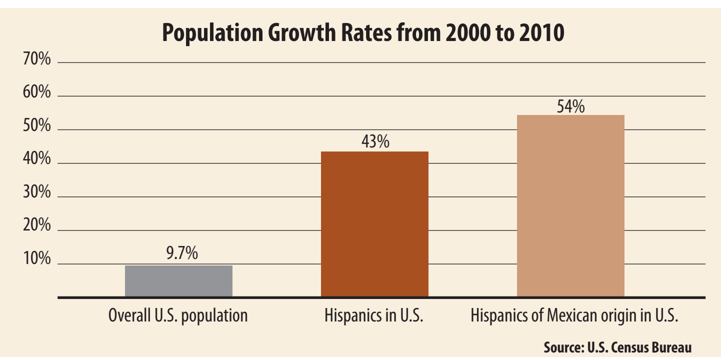
Silvia's husband has a restaurant job and is seeking a second job, while Silvia plans to start work in a fast-food restaurant soon to earn money to support the family and to save for the *quinceañera.* The family does not have a bank account because with only one job at the moment, there is no spare money to save for the future.

The Marquez family illustrates a major finding of research funded by the National Endowment for Financial Education (NEFE) and conducted at the University of Notre Dame, which investigates why Mexican immigrants are poorly prepared for retirement. They often place a high value on building social capital—a network of family and friends—rather than just financial capital. Considering that Mexican-Americans are the fastest-growing ethnic group and are younger and expected to live longer than the general U.S. population, according to the research, this is an opportunity for financial organizations and the financial literacy field to help.

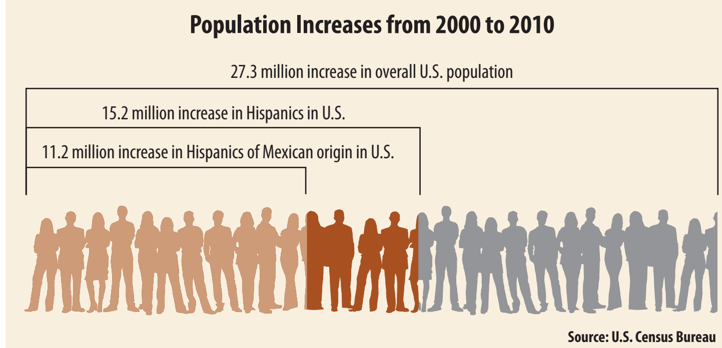
"A lack of preparation for retirement can be catastrophic for individuals and families," says Ted Beck, president and CEO of NEFE. "This groundbreaking study can help financial institutions bridge this cultural divide so that Mexican-American consumers are more likely to take advantage of saving and retirement accounts available to them."



Economic Factors Reinforce Cultural Trends

Confianza, Savings, and Retirement: A Study of Mexican Immigrants reports that in addition to the cultural factors that prevent Mexican-Americans from saving for retirement, there also are many economic factors. The research, conducted in Chicago from 2009–2010, found that Mexican-Americans are less likely to work for employers who sponsor pensions. But even when eligible they are less likely to take advantage, either bypassing the opportunity or dipping into savings to help family or friends pay for celebrations.

Furthermore, many Mexican-Americans—especially nonprofessionals who do not have experience with banks and credit unions—harbor distrust of financial institutions. The 2008 financial crisis exacerbated the issue, leaving even well-educated Mexican-Americans, such as CPAs and individuals with MBAs, with negative feelings.



"People in our focus groups expressed a lot of distrust of the financial system," says Karen Richman, Ph.D., academic director of the Institute for Latino Studies at Notre Dame, who led the research. "Some were still willing to invest, but others have no trust now in stock and bond markets."

Research Warrants Call to Action

Financial institutions can help Mexican-American consumers successfully—with some creative thinking. The research cited Second Federal Savings and Loan in Chicago as a national leader in creating programs to "bank" Mexican immigrants. The bank worked with the Mexican consulate to accept the Mexican identity card, *matrícula consular*, to establish a passbook savings account. Second Federal also offered *quinceañera* accounts, which came with a pink passbook, and agreed to accept receipts of *tandas*, Mexican-American informal savings circles, as examples of creditworthiness.

The study recommends that other financial institutions take similar steps to build trust among immigrants. For example, Silvia says she is aware of at least one bank in her area that has Spanish-speaking tellers. Banks, credit unions, and savings organizations also could team with mobile communications firms to develop secure and cost-effective means for mobile banking.

Silvia says she may open a bank account once her family's income rises. Perhaps she could start a *quinceañera* account for Teresa's celebration and model the practice of banking for her daughter. But Silvia has not considered a retirement account. Her husband's current job does not offer a plan, and the couple's focus is on meeting day-to-day needs. To this relatively young family, retirement seems a long way away.

To read the full study, visit www.nefe.org/whatweprovide/research.

More to the Story

In the March/April *NEFE Digest,* we shared compelling new NEFE-funded research on debt consolidation loans. If you missed it, or just want to learn more, we encourage you to attend this upcoming webinar.

What: Helping Consumers Respond Responsibly to the Advertising and Availability of Debt Consolidation Loans
Who: Presented by Lisa Bolton, Ph.D., associate professor of marketing at Pennsylvania State University, who led the research
When: May 23 at 1 p.m. EST

To sign up, visit www3.gotomeeting.com/register/237183462.

Connecting with College Students

NEFE Uses New Media to Educate in Meaningful Way

Between classes, studying, making friends, and in some cases, work, what college student has time—let alone interest—to learn about money? The college market can be a challenging audience to educate on personal finance, but NEFE continues to find success by capturing students' attention through communication that is meaningful to them.

NEFE's latest efforts include a peer-to-peer student blogging program called College Connect, and student-moderated video tutorials on CashCourse®, NEFE's money management website for college students. Both are based on the principle that students listen and relate to people like them—especially in preferred formats such as blogs and videos.

"Most college students are living away from home for the first time and have heard so much from parents, advisors, and other adults," says Paul Golden, manager of College Connect at NEFE. "It's time to reinforce the lessons in a less heavy-handed way."

Using Personal Experiences to Cover Personal Finance

Through College Connect, students blog about their personal experiences, dilemmas, and thoughts about money, simultaneously educating themselves and their peers about personal finance issues they can relate to. The program is a joint project of NEFE and the Society of American Business Editors and Writers (SABEW). Originally launched in the spring of 2010 at Arizona State University, it since has been implemented at the University of Missouri and Ball State University.

"I teach an Economics for Journalists class," says Missouri professor Marty Steffens, the school's SABEW chair and faculty advisor for College Connect. "I can tell [students] not to waste their time on Facebook and to listen to the lecture, but I won't get through to them. When I bring in former students to speak, my students listen. And when we talk about College Connect in class, the biggest comment I get from other students is that it's highly relatable."

College Connect blogger
Benjamin Dashley,
senior at Ball State University

"For 18 years my folks had stashed away savings in a college fund. It was money they could have spent on cars and vacations, but the savings evaporated when the market tanked . . . I needed nearly $20,000 a year for school and got a bad feeling when my dad asked me to sit down for a chat."

College Connect blogger
Alex Missick, international student and junior at the University of Missouri

"Students have to take into consideration how the exchange rate in their country compares to the U.S. dollar and keep in mind that it is constantly changing. Some students may have created an entire detailed budget and financial plan for their time in the U.S. only to realize that exchange rates change and economies can become unstable over time."

For College Connect, Steffens selected bloggers from a range of backgrounds and encouraged them to generate blog ideas through conversations they had with family, peers, and employers. One blogger came to school on an athletic scholarship, another was a veteran who wrote about the GI bill, and one was engaged and wrote about planning her wedding budget.

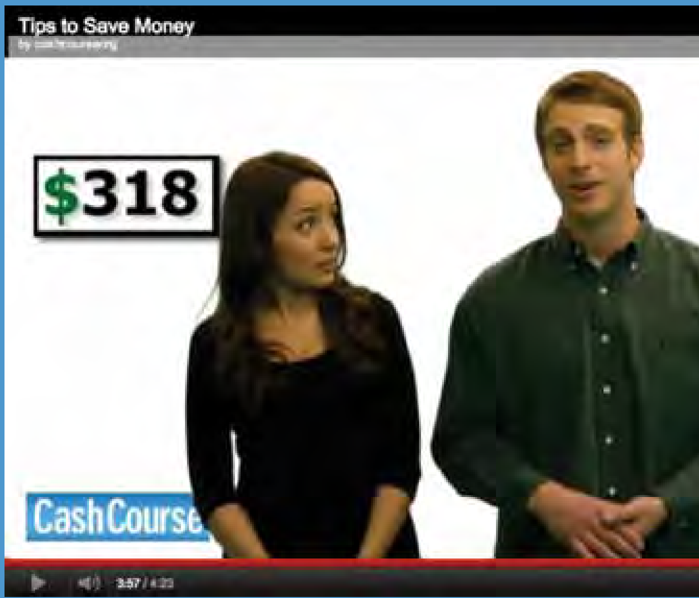
"[The engaged blogger] told me the fact that she had to blog about her wedding—that was the first time she and her fiancé had a conversation about their future finances," Steffens says.

Candace Sautman, a senior at Missouri, wrote about her experiences trying to survive in New York City as an unpaid intern with little financial support from her family.

"Life as a college student is hard, and getting a taste of the real world and blogging about it helped me to understand how hard things can be and eventually will be," Sautman says. "It helped me form a better grasp of my potential bills and other finances I will have to deal with as an adult. Although it was enlightening, it is frightening to think of what awaits."

Besides what the students learn about managing money, NEFE and SABEW hope that the program will help students grow into stronger journalists who tackle personal finance topics as well as big business and the economy.

To learn more about College Connect, visit www.sabew.org/college-connect-2.



College-aged actors in the CashCourse video tutorial "Tips to Save Money" compete to see whose money-saving tips can save fellow college students the most (left). The video is one of seven new tutorials that cover topics such as finding extra money for school (bottom left) and budgeting (bottom right).

Visually Communicating Financial Basics Via Video

Journalism students aren't the only ones using innovative ways to communicate about money. CashCourse, which is used by more than 650 colleges and universities nationwide, also is reaching its audience in a fresh new way: video.

The program recruited college-aged actors to deliver seven on-screen tutorials that walk students through common financial challenges such as budgeting, using credit, saving, and paying back student loans.

"CashCourse already offers educational materials in a variety of formats such as articles, worksheets, and calculators," says Amy Hartenstine, director of CashCourse. "With the popularity of YouTube and videos among this generation, we felt this was an obvious way to effectively reach students in a medium they prefer."

Since NEFE added the videos to CashCourse in January, they have garnered more than 1,200 views from users of the program. CashCourse will add additional video tutorials later this year.

To watch the CashCourse videos, visit www.cashcourse.org/sample/video or www.youtube.com/cashcourseorg.

President's Council Propels New Savings Concept

"Roth at Birth" Would Boost Youth Financial Capability

President Barack Obama's financial capability advisors unanimously called for the federal government to evaluate the merit of a simple but effective savings tool, the "Roth at Birth," for American youth and their families. The President's Advisory Council on Financial Capability approved the recommendation by formal vote at its April 9 meeting in Washington, D.C.

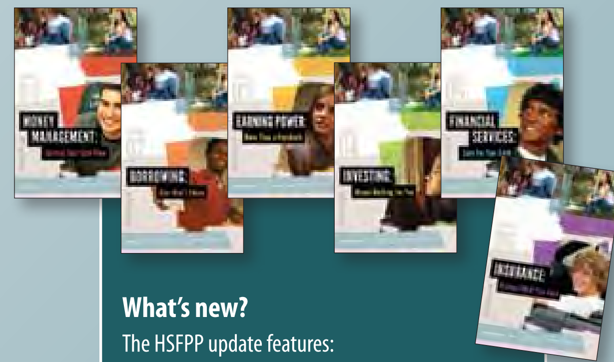
The Roth at Birth would make a modification to the earned income rules of existing Roth IRAs by allowing children, who generally lack earned income, to use their parents' earned income limits to make contributions to an account in the minors' name, much like nonworking spouses currently are allowed.

"Numerous research studies show that children can build financial capability and knowledge when they have their own savings account," says NEFE President and CEO Ted Beck, one of the Council members deeply involved in development of the Roth at Birth proposal. "Studies also show that such children are far more likely to attend college than their peers without accounts, especially among lower income households. Allowing tax-free savings to accumulate literally from birth captures an additional 18 to 25 years of asset growth, as most young adults delay retirement savings in their first several years in the workforce."

For a more detailed review of Roth at Birth, see the Council's Youth Subcommittee Report for April 9 at www.treasury.gov/resource-center/financial-education/Documents/Youth%20Report.pdf.

NEFE High School Program Gets Makeover

Update Offers Greater Flexibility to Educators



NEFE's flagship financial education program is undergoing changes that will make it more flexible for educators. Historically presented as one comprehensive unit, the NEFE High School Financial Planning Program® (HSFPP) now offers the curriculum as six modules, each a collection of resources with a broader array of activities and lessons than the current program.

"The fundamental principles that have made the program a success remain the same," says Susan Sharkey, director of the HSFPP. "NEFE implemented the changes to give teachers more options and allow them to select materials that are most relevant to their students."

New Format Offers Greater Customization

For nearly 30 years, the HSFPP has offered teachers practical lessons they can use to educate students on core competencies such as money management, credit, investing, and insurance. The program meets national and state content standards and is routinely evaluated, most recently in 2009, to ensure quality standards.

Although some teachers use the HSFPP in its entirety, others might have very limited class time for financial instruction. The new HSFPP structure allows teachers to pick and choose what works best for their schedules. Educators also can visit the new HSFPP website (www.hsfpp.org), which houses an extensive and growing collection of resources and materials.

Taught to 7.8 million students

"Teachers can choose the smaller or larger pieces that work into their time frame and class setting," says Sharkey. "It makes it easy for teachers to grab what they need when they need it."

The HSFPP update has many long-term program users excited. Lyle Hansen is an educator with the University of Idaho Extension and a member of the HSFPP National Network, which helps NEFE promote and train educators on the program across the country. Hansen, who has used the HSFPP for seven years, appreciates the versatility.

Taught in 93,000 classrooms

"Having each unit in an individual booklet will help teachers be able to key in with the unit that best fits what they are teaching," says Hansen. "Going forward, having the units separated will help me better reach underserved audiences to attend our HSFPP trainings."

What's new?

The HSFPP update features:

- Six handy Student Guides
- Instructor resources
- A new website with:
  * An instructor forum
  * Calculators, videos, quizzes, and polls
  * A customizable course syllabus
  * A growing collection of lessons and materials
  * A map widget to locate training events and state representatives

When and how can I order?

The materials soon will be available to order at the HSFPP website (www.hsfpp.org).

How much does it cost?

The program is free to all new and existing users.

Curriculum Update Boasts Enriched Content

While the current HSFPP program is geared toward juniors and seniors, NEFE has seen HSFPP program instruction cross high school boundaries into the military, correctional facilities, community youth programs, and adult learning. Therefore, the content in the new modules will be more adaptable for middle grades, students transitioning into life after high school, and adult students.

Another important change is that the new format will allow NEFE to more quickly update topics to match economic changes and circumstances, rather than wait years to modify the entire program.

"We are freshening it up with more up-to-date statistics and making it relevant to students who have a variety of family and life situations," Sharkey says.

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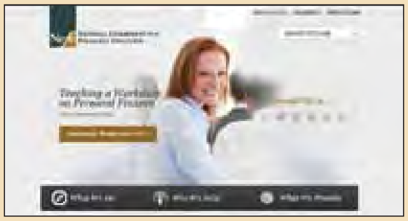
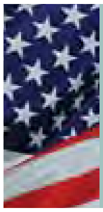


Visit NEFE's website (www.nefe.org), and you might not recognize us! Our redesigned online presence features a more eye-pleasing aesthetic, user-friendly navigation, and updated information to answer all your questions about NEFE and its programs. Drop by the website to read the electronic *NEFE Digest,* or just poke around to discover more about us.



HOLIDAY CLOSINGS

NEFE will be closed on May 28 for Memorial Day.

Stop by our booth or look for us at the following conferences:

Mom 2.0 Summit	May 3–5	Miami, Fla.
The National Association of Personal Financial Advisors (NAPFA) National Conference	May 8–11	Chicago, Ill.
New Hampshire Jump$tart Coalition MoneySmarts for Teachers Conference	May 9	Concord, N.H.
University of Maryland Extension Personal Finance Seminar for Professionals	May 16–18	Annapolis, Md.
Points of Light National Conference on Volunteering and Service	June 18–20	Chicago, Ill.
Credit Union National Association (CUNA) America's Credit Union Conference	June 17–20	San Diego, Calif.
American Association of Family and Consumer Sciences (AAFCS) Annual Conference and Expo	June 24–26	Indianapolis, Ind.
Society for Human Resource Management (SHRM) Annual Conference and Expo	June 24–27	Atlanta, Ga.
National Education Association (NEA) Annual Meeting and Representative Assembly	June 27–July 5	Washington, D.C.

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All questions regarding *NEFE Digest* may be addressed to the Marketing and Communications department. Editor: Lauren Burke. NEFE is open Monday through Friday, from 8:30 a.m. to 5:00 p.m. Mountain Time. The main telephone number is (303) 741-6333; the fax number is (303) 220-0838.