

# Building blocks to help youth achieve financial capability

Leslie Jones, Office of Financial Education



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# Contact information

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## Leslie Jones

Youth Financial Education Analyst

Mobile: 202-591-5306 | Office: 202-435-7687

[Leslie.Jones@cfpb.gov](mailto:Leslie.Jones@cfpb.gov)



CFPB Youth Webpage

[www.consumerfinance.gov/youth-financial-education](http://www.consumerfinance.gov/youth-financial-education)

# Our goals

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## **Our goal**

Support and empower youth stakeholders to expand and improve access to financial education for youth

## **Youth gain**

Youth gain skills, knowledge, habits, and attitude to be an empowered consumer to make better money choices

# What is financial well-being?

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- **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 capacity, based on knowledge, skills, and access, to manage financial resources effectively <sup>1</sup>

# 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:

	<b>Present</b>	<b>Future</b>
<b>Security</b>	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
<b>Freedom of choice</b>	Financial freedom to make choices to enjoy life	On track to meet your financial goals

What is youth financial  
capability?

**Building blocks**

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

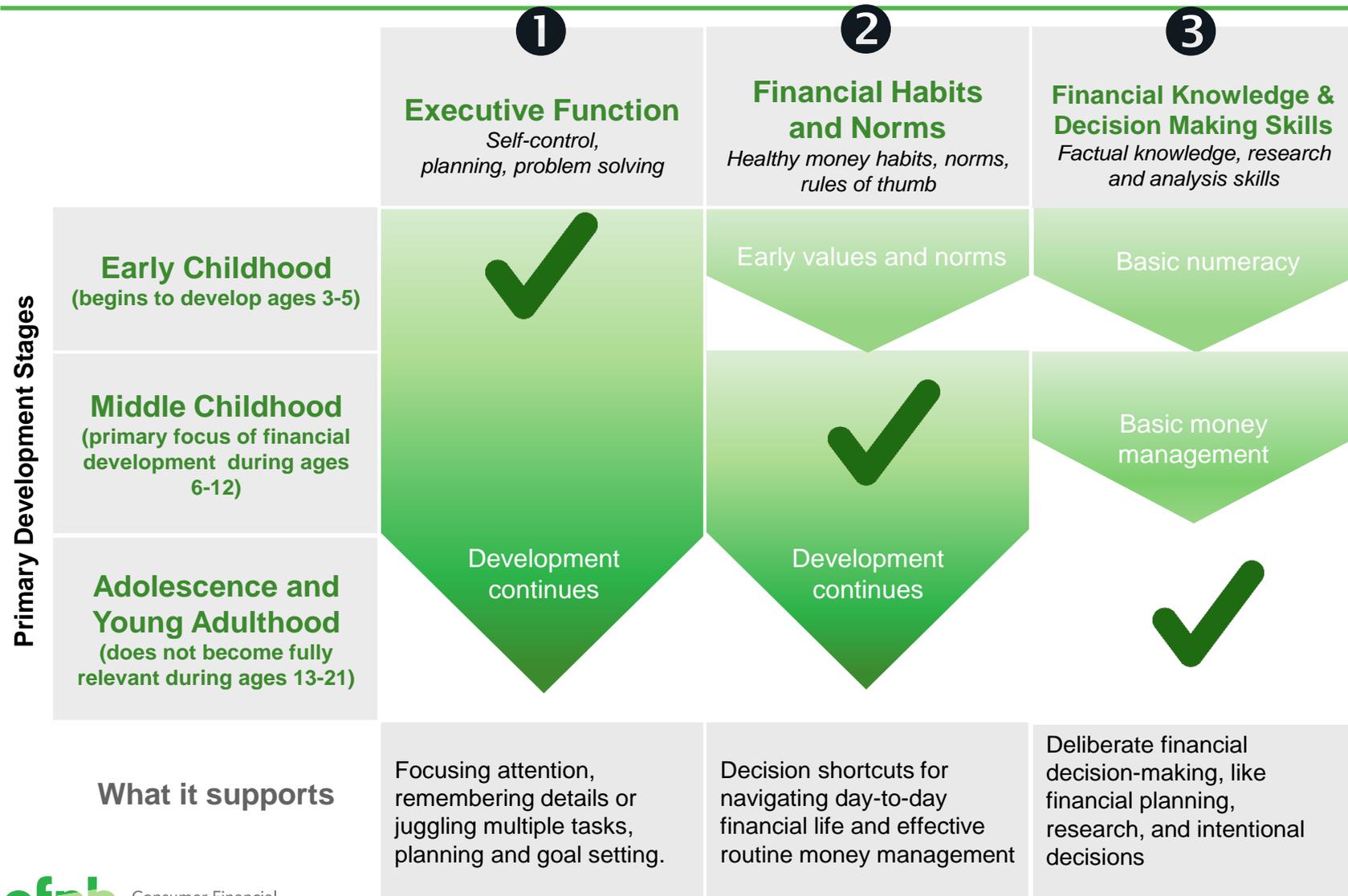
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- CFPB researched the childhood origins of financial capability and well-being
- CFPB has identified how, when, and where youth acquire critical attributes, abilities, and opportunities that support the development of financial well-being
- CFPB has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

## Three Building Blocks of Financial Capability



# Three Building Blocks of Youth Financial Capability

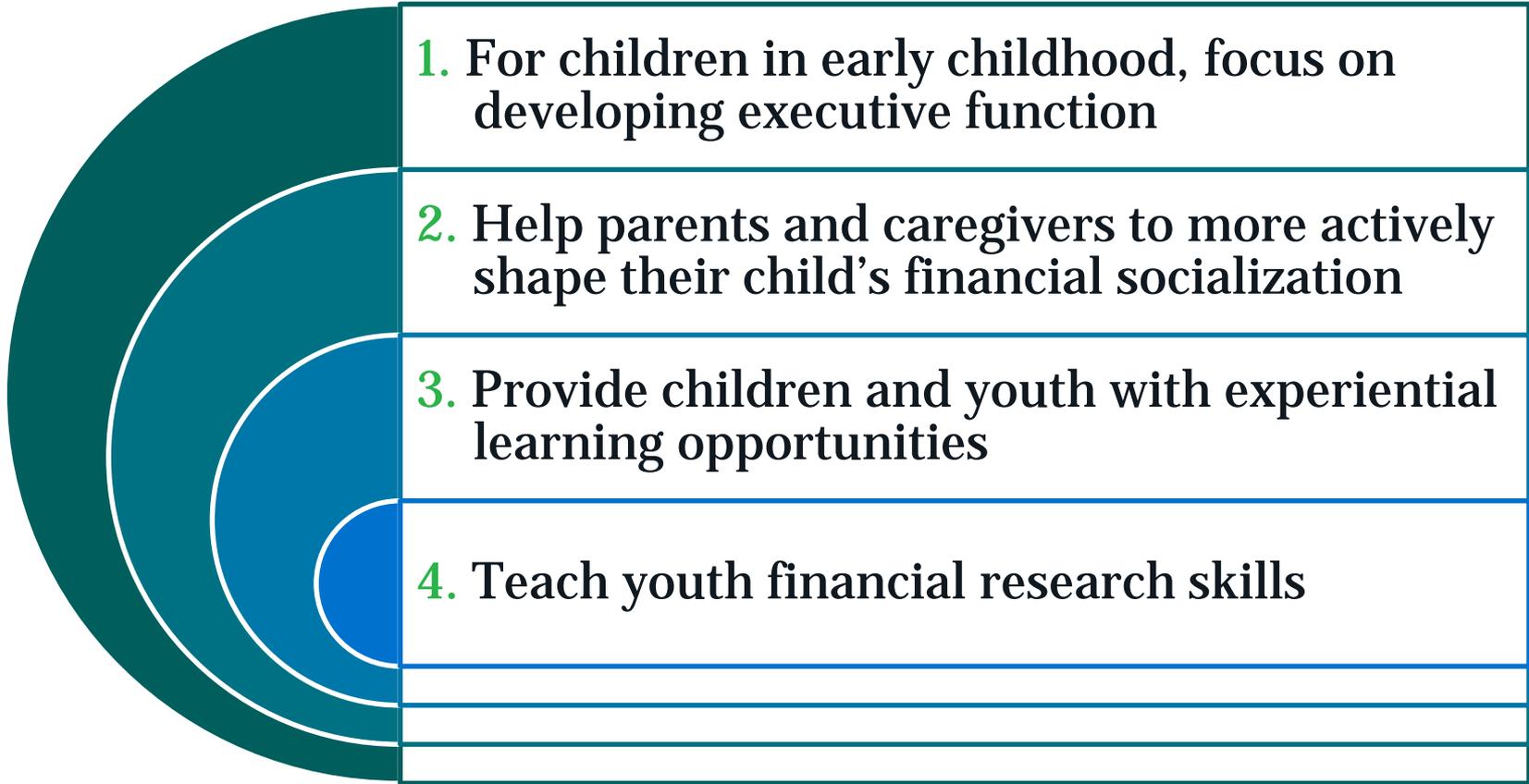


# Recommendations

For implementing the  
developmental building blocks

# Four strategies that support youth financial capability

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# Early childhood: focus on executive function



- **Executive function** refers to mental processes that enable us to plan, focus attention, remember instructions, and juggle multiple tasks successfully
- It is **critical** to achieving financial well-being
- Executive function training in financial contexts include: imaginary play and play-based learning activities where kids set goals and manage resources

**For example:** involve children in building grocery lists and buying food

# Middle childhood: Help parents/caregivers support child's financial socialization



- **Financial socialization** is an ongoing process by which children and youth develop the financial attitudes, habits, and norms that guide their financial behaviors
- Children develop values, norms, and habits through observation of peers and adults
- This is a good window of opportunity for parents to explicitly teach and model **healthy financial values** and behaviors

**For example:** involve children in routine financial activities such as setting a budget and help them to make small spending decisions

# Teach youth financial research skills



- Most major financial decisions that adults make require them to gather information through research, use the information to consider trade-offs, and act on that information in a way that serves their life goals
- Youth with financial research skills are more flexible and adaptable consumers who are able to navigate changing financial markets and situations over their life course
- Financial research skills can be taught in middle childhood, adolescence, and young adulthood

**For example:** guide youth as they comparison shop cell phone plans and research the options available to pay for college



# Provide experiential learning opportunities throughout childhood and youth

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- Experiential learning opportunities support financial capability by encouraging children and youth to take initiative, make decisions, experience the results of their choices in a safe environment, and learn through reflection
- Explicit instruction in personal finance should be complemented with experiential learning opportunities
- Children and youth in all stages of development benefit from experiential learning

**For example:** assist youth as they apply for their first job, open checking and savings accounts, and understand the taxes and deductions taken out of paychecks

# Bringing it all together

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- This new research provides evidence-based insights and promising strategies
- Defines what children need to learn and when
- Children and youth need a broader set of developmental building blocks that can be acquired and honed in the home, schools, out of school programs, and in the workplace
- Thus, schools, parents, youth programs, community leaders, and financial institutions all have an important role

# How we're putting this 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

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

Policy



Consumer Financial  
Protection Bureau

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

Practice

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

Parents

# Money as You Grow: For parents and caregivers

## Resources for parents and caregivers

Children learn from watching you earn, shop, save, and borrow - you're the top influence on their financial lives. And you don't need to be a money expert to help them start out strong.



**Developing executive function**



**Building money habits and values**



**Practicing money skills and decision-making**

**Make it easy for parents and caregivers to find tools, activities, and information**

- New home for the popular [moneyasyougrow.org](http://moneyasyougrow.org) site
- And more: blog posts, social media outreach, and e-mail

# Money as You Grow book club

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**Alexander, Who Used to Be Rich Last Sunday**, by Judith Viorst



**A Chair for My Mother**  
by Verna Williams



**A Bargain for Frances**  
by Russell Hoban



**Count on Pablo**  
by Barbara deRubertis



**The Berenstain Bears & Mama's New Job**  
by Stan and Jan Berenstain



**Curious George Saves His Pennies**  
by Margaret and H.A. Rey



**The Berenstain Bears Trouble with Money**  
by Stan and Jan Berenstain



**Just Shopping with Mom**  
by Mercer Mayer



**My Rows and Piles of Coins**  
by Tololwa M. Mollel



**Lemonade in Winter**  
by Emily Jenkins



**Ox-Cart Man**  
by Donald Hall



**The Rag Coat**  
by Lauren Mills



**Sheep in a Shop**  
by Nancy Shaw



**Those Shoes**  
by Maribeth Boelts



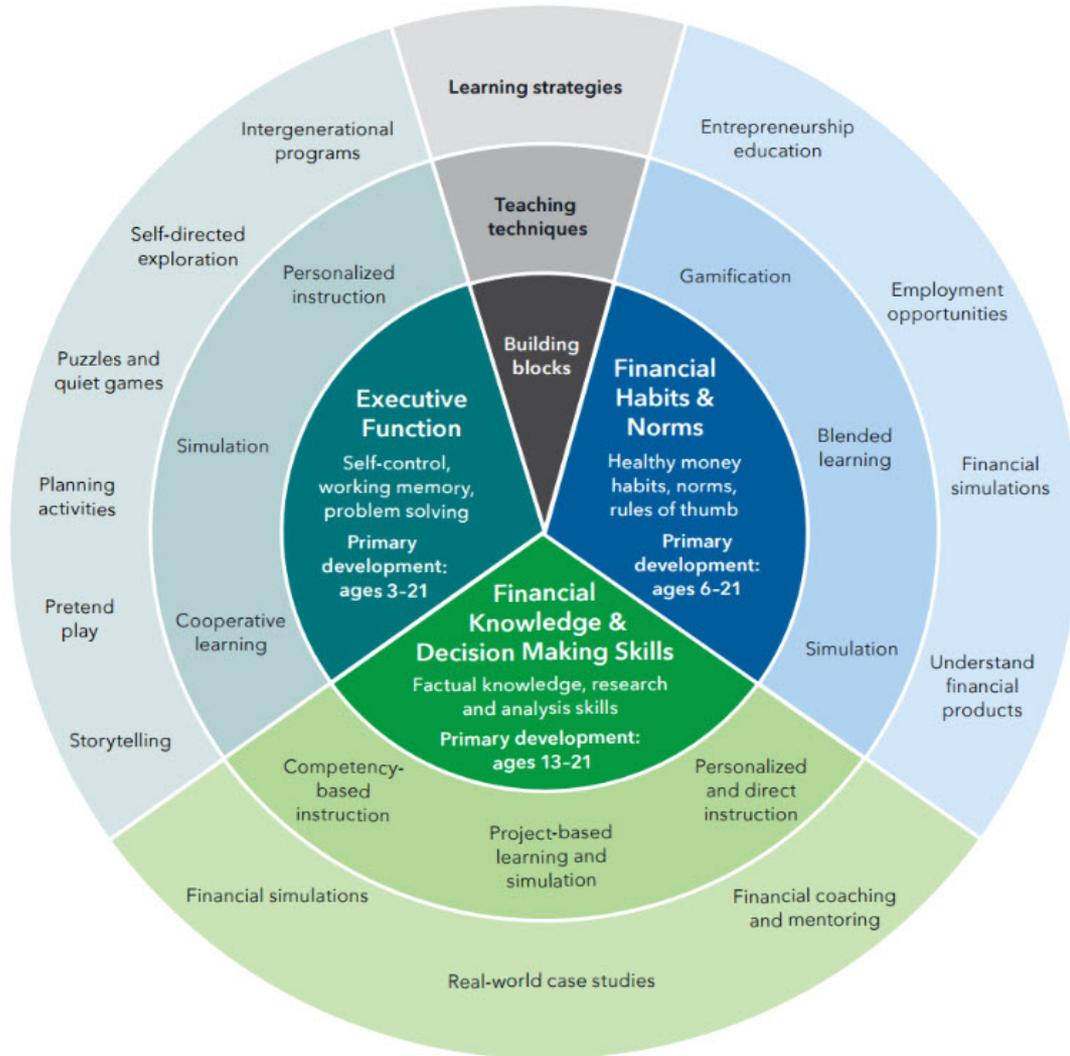
**The Purse**  
by Kathy Caple



**Tia Isa Wants a Car**  
by Meg Medina

# Youth personal finance pedagogy: teaching tool

We have additional guidance segmented by grade levels, such as high school, middle school, elementary and pre-k.



## SAMPLE PROGRAMS

<b>Executive Function</b>	<ul style="list-style-type: none"> <li>▪ Mind in the Making</li> <li>▪ Tools of the Mind</li> </ul>
<b>Financial Habits and Norms</b>	<ul style="list-style-type: none"> <li>▪ FinancialProtection.usa.gov</li> <li>▪ OnGuardOnline.gov</li> <li>▪ MyCreditUnion.gov (Activities)</li> <li>▪ Understanding Taxes @IRS.gov</li> </ul>
<b>Financial Skills and Decision Making</b>	<ul style="list-style-type: none"> <li>▪ FederalReserveEducation.org</li> <li>▪ MyMoney.gov (Life Events)</li> <li>▪ Youth.gov (Career Exploration)</li> </ul>

# Youth Savings Accounts



- FDIC has resources to help you start school-based savings programs
  - **Creating Youth Savings Programs in Your Community: A Road Map for Banks, Schools, and Nonprofits**  
— a framework for establishing youth savings programs based on lessons from the FDIC Youth Savings Pilot.
  - **Youth Banking Network**  
— an information-sharing network designed to help banks learn from one another and benefit from FDIC expertise about connecting financial education to savings accounts for school-aged children.



Learn more at the FDIC's Youth Banking Resource Center:

[www.fdic.gov/youthsavings](http://www.fdic.gov/youthsavings)

# Paying for College



**Paying for College**

Get help to make informed financial decisions about how to pay for college. Start by [comparing financial aid offers](#) or [understanding student loan repayment options](#).

[Get started](#)   [Student financial guides](#)   [Compare financial aid offers](#)   [Repay student debt](#)

## 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.

### SHARE THIS PAGE



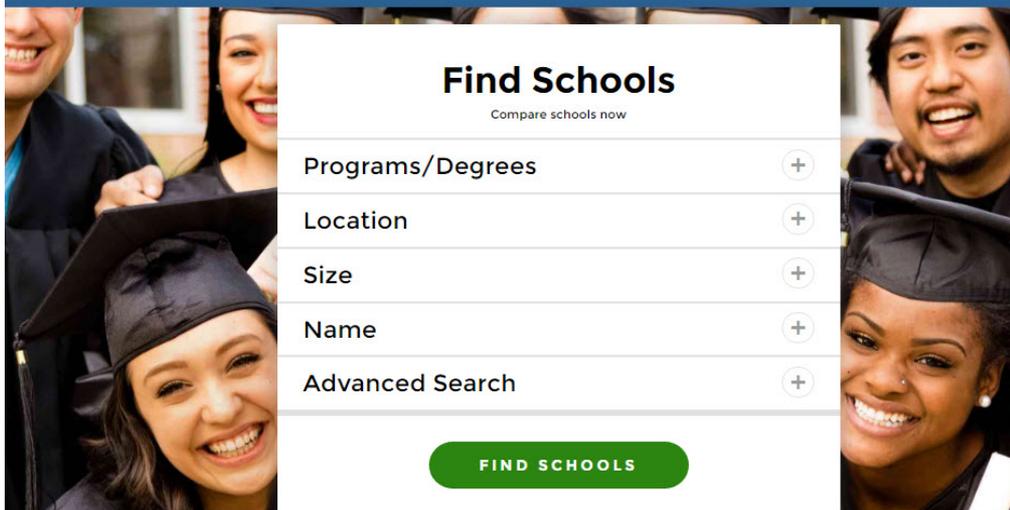
### STUDENT FINANCIAL GUIDES

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.

# Paying for College

U.S. DEPARTMENT OF EDUCATION

## College Scorecard



## Paying For College

TYPES OF FINANCIAL AID

CALCULATE YOUR AID

GI BILL® BENEFITS

## By The Numbers



On average, college graduates earn

**\$1 million**

more

over their lifetimes than high school graduates.



You could be eligible for up to

**\$5,920**

for free

in Pell grants to help pay for college. **No repayment needed!**



Did you know that

**30%**

of college students

started college at age 25 or older?

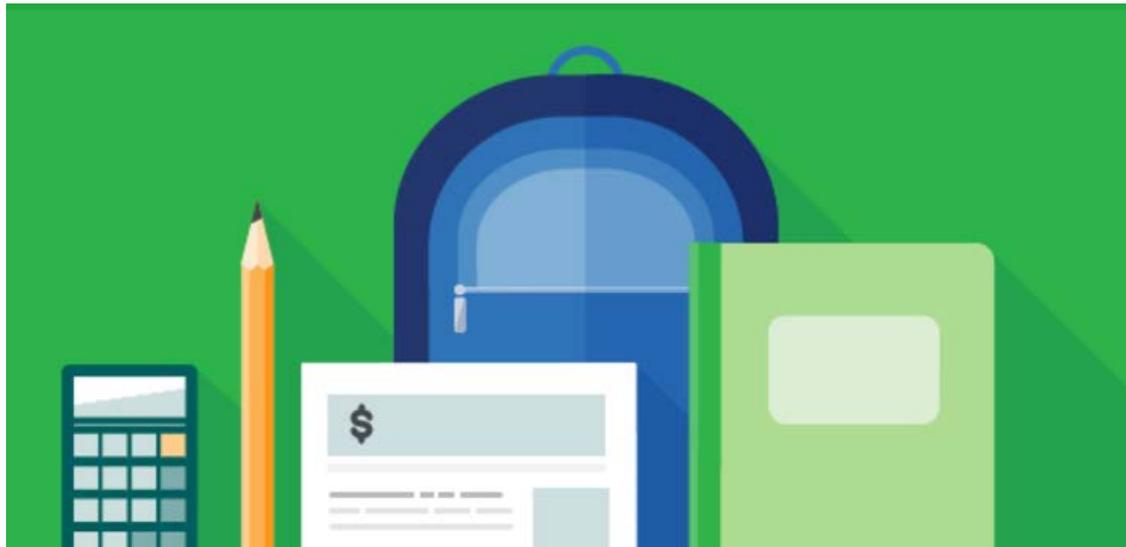
[collegescorecard.ed.gov](https://collegescorecard.ed.gov)

# Empowering youth

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We have information to help groups working with youth:

- Seeking employment
- In foster care
- At risk
- Navigating the financial marketplace



# Financial Empowerment: Focus on People with Disabilities 2017 cohort

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- 30 organizations with programs aimed at assisting with disabilities transition from public benefits to employment income and develop financial management skills.
- Three are in this region:
  - Maryland Department of Disabilities (MDOD)
  - disAbility Resource Center (Fredericksburg, Virginia)
  - Virginia Department of Aging and Rehabilitative Services (statewide)

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## Ask CFPB

We offer clear, impartial answers to hundreds of financial questions. Find the information you need 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.

What is your question about?

- Applying for a credit card
- Receiving credit card offers
- Interest rates
- Understanding a credit card bill
- Paying a credit card bill

Filter results by audience or topic

- Fees
- Other credit card questions

Search for answers

See the most common questions up front

Servicemembers (8)

Students (3)

Older Americans (45)

Parents (21)

Servicemembers (67)

Students (96)

I got my free credit reports, but they do not include my credit scores. Can I get my credit score for free too? [Read answer](#)

What is a credit card interest rate? What does APR mean? [Read answer](#)

## [consumerfinance.gov/askcfpb](https://consumerfinance.gov/askcfpb)

### Money transfers

- What is a remittance transfer? [Read answer](#)
- What are the new federal protections for consumers who send money internationally? [Read answer](#)

[See all money transfers questions](#)

### Mortgages

- What is the difference between a fixed-rate and adjustable-rate mortgage (ARM) loan? [Read answer](#)
- What is private mortgage insurance? [Read answer](#)

[See all mortgages questions](#)

### Prepaid cards

- What is the difference between a debit card and a prepaid debit card? [Read answer](#)
- How do I check my prepaid debit card balance? [Read answer](#)

[See all prepaid cards questions](#)

### Student loans

- What are the main differences between federal student loans and private student loans? [Read answer](#)
- Are there any student loan breaks for public service? [Read answer](#)

[See all student loans questions](#)

Topics

Older Americans (45)

Parents (21)

Servicemembers (67)

Students (96)

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**Moving your checking account**

A 10-step checklist for closing your current checking account and opening a new checking account.

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Three steps to take when you Act fast if you can't pay your credit cards



[pueblo.gpo.gov/CFBPubs/CFBPubs.php](http://pueblo.gpo.gov/CFBPubs/CFBPubs.php)

# Contact information

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**Leslie Jones**

Youth Financial Education Analyst

[Leslie.Jones@cfpb.gov](mailto:Leslie.Jones@cfpb.gov)

[www.consumerfinance.gov/youth-financial-education](http://www.consumerfinance.gov/youth-financial-education)

Questions?