

# Financial Literacy

February 12, 2020



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February 2020



# NASFAA's Webinar Series

## Financial Literacy

Presented February 12, 2020



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### Introductions

- **Eunice Powell**
  - *Regulatory Specialist, NASFAA*
  - *Webinar Moderator*



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### Introductions

- **Bryan Ashton**

- Vice President – Community Investment & Government Affairs, Trellis Company
- Advisory Managing Director, Higher Education Financial Wellness Alliance



- **Phil Schuman**

- Director of Financial Literacy, Indiana University
- Executive Director, Higher Education Financial Wellness Alliance



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### ► Financial Literacy



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### Financial Literacy

- Focus on building acumen of participants
- More than just student loan literacy
  - Loans are a part of financial literacy
- Much of the information is standardized
  - Budgeting is budgeting; debt is debt; savings is savings
- There is much research indicating students lack the knowledge component

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### Where Financial Literacy Falls Short

- Often doesn't account for the individual
  - Misconception about debt
- Can lead to mistakes in assessing a person's situation
  - Lack of knowledge may not be the issue
- Can lead to mistakes in who we need to target with information
  - Financial literacy is important to everyone, not just individual groups

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### ▶ Financial Wellness



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### Financial Wellness

- Focus on the individual financial needs of an individual
  - Debt may be necessary; budget allocations may need to be altered
- Helping with the stress that is created by finances, not necessarily trying to educate on "how to build credit"
- In higher education, this means providing wrap-around resources to students and not just triaging finances

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### Steps to Creating Institutional Support

- Find an executive level champion
  - VP, Board Member, Community Member
- Navigate the beginning stages of a program
  - Collaborative approach
  - Gather data
  - Clarify vision
- Gather quantitative and qualitative data on impact
- Engage students throughout the process
- Create dependency on the programming
- See it was a home, not ownership

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### Mental Health

78%

Of college students who attempted suicide cited financial stress as a reason

Source: Westfeld et al, (2005)

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### Homelessness & Food Insecurity



55%

"showed signs of either low food security or very low food insecurity"



50%

of students showed signs of being housing insecure



16%

of students "indicated homelessness within the 12 months prior to the survey"

Source: Trellis Survey on Financial Wellness (2018)

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### Impact of Financial Strain on Students

50%

Of students delayed buying textbooks because of high prices saw their grades suffer

Source: get.vitalsource.com

15+

Number of hours worked/week that negatively affects GPA

Source: Student Experience in the Research University (SERU) (2011)

63%

Report working at least 20 hours/week during the school year

Source: Trelis Student on Financial Wellness (2018)

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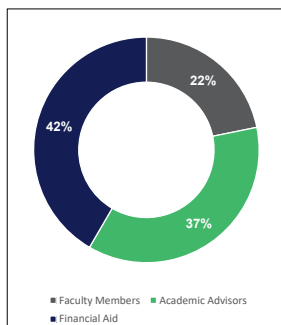
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### Gaps in Coverage

- Academic advisors and faculty are very rarely trained in these subjects
- They have the most frequent contact with students
- Faculty level of empathy toward students' financial challenges range



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### If I Would Have Known...

Figure 3: Before you got your most recent student loan, did you try to figure out how much your monthly payments would be?

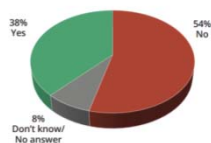
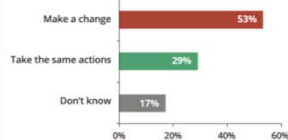


Figure 4: If you could go through the process of taking out loans to pay for your education all over again, would you take the same actions or make a change?



Lusardi, Scheresberg, Oggero (2016)

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### ► Case Studies – Indiana University



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**Ψ MONEYSMARTS**

## MONEY GOT YOU STRESSED?

**CALL OUR TEAM TO FEEL YOUR BEST.**

Financial wellness is important. The IU MoneySmarts Team can help you take control of yours—for free!

[moneysmarts.iu.edu](http://moneysmarts.iu.edu)

**CALL NOW! 812-85-MONEY**

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### Indiana University Affordability Initiative

- Focus on putting tools together to help students lessen financial burden
  - Changes to financial aid business processes
  - Focus on degree completion (finish in 4)
  - Get students to make smart financial decisions through education
- Launched in 2012, along with the Office of Financial Literacy/IU MoneySmarts

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# NASFAA's Webinar Series

## Financial Literacy

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James Kennedy  
1111 Indiana Street  
Bloomington, IN 47403

Dear James:

This is a personalized summary of your estimated current student loan indebtedness. This information is being provided to you before you take an additional loan for the upcoming academic year. We encourage you to make use of the available financial planning resources to determine if you need additional borrowing to complete your degree at Indiana University.

**Estimate of Your Total Education Loans: \$11,000**  
Your total "aggregate indebtedness" is based on the total cost of attendance (COP) for your current year.

**Interest Rates**  
Interest rates are based on rates as of the date you borrowed and the loan type. Calculations include interest on all outstanding loans.

**Estimated Monthly Payment - All Loans**  
Total Education Loans: \$11,000  
Standard Repayment Term: 10 years  
Assumed Interest Rate: 4.99%

**Monthly Payment:** \$108.00  
**Graduation Requirement:** \$10,000.00  
**Payment After Graduation:** \$ 1,071.36

**Federal Stafford Loans**  
The Federal Stafford loan program provides the majority of funds for all students. The total you have borrowed from this program, including loans borrowed and disbursed from \$1,000.00.

**Other Education Loans**  
The total cost of attendance (COP) for your current year includes estimated tuition, based on the latest published rates for your current year of attendance.

**Other Education Loans**  
Federal Student Loans: \$11,000  
Private Loans (Unfunded): \$0  
Other Loans (Unfunded): \$0  
(May include Small Business and Federal Direct Education Loans)

### Indiana University Debt Letter

- Focus groups: students don't know how much/if they've borrowed
- Provide estimated monthly payments upon graduation
- Encourages evaluation of borrowing levels
- Lead to smarter borrowing decisions

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### Cost Calculator

- Provide students with a better estimation of their college expenses
- Let students see the effect of a financial decision – in real time
- Lead them to making smarter, more informed decisions

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### Degree Completion

Full-time Undergraduates with 15 credit hours per semester (%)

25+ pt. increases in students taking ≥15 hours at IUPUI and regional campuses

"Finish in Four" by taking 15+ credits/semester and other completion initiatives have increased undergraduates graduating on-time. This plays a part in the overall reduction in student loan debt.

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### Programs

- Required financial literacy for all first-year students
  - MoneySmarts U
  - 21 courses for any IU student; first-years take the "First Year Course"
  - Measures financial habits in college students

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### Programs

- Required financial literacy for all first-year students
- **Peer Financial Education Program (IU MoneySmarts)**
  - Undergrads → undergrads
  - Grad students → grad students or staff
  - Faculty/staff → Me

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### Programs

- Required financial literacy for all first-year students
- Peer Financial Education Program (IU MoneySmarts)
- **529 Initiative**
  - Encourage faculty, staff, students, community to pre-fund college
  - Direct deposits amounts from employees have tripled since launch

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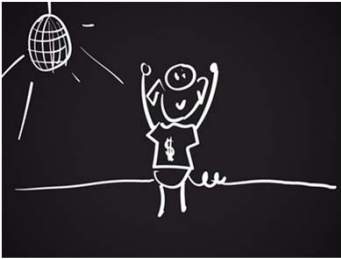
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Since 2012, IU has had a  
**\$138.4 million (21%)**  
reduction in student borrowing

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► Case Studies – University of Wisconsin-La Crosse



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### It Make\$ Cents



- To address the financial concerns of students that are unique to college life, and equipping them with the knowledge, skills and resources necessary to integrate and maintain lifelong financial wellness.
- Our goal is to motivate, inspire a call to action, and to instill the knowledge and life-skills that each student needs to sow in order to reap financial success after graduation.

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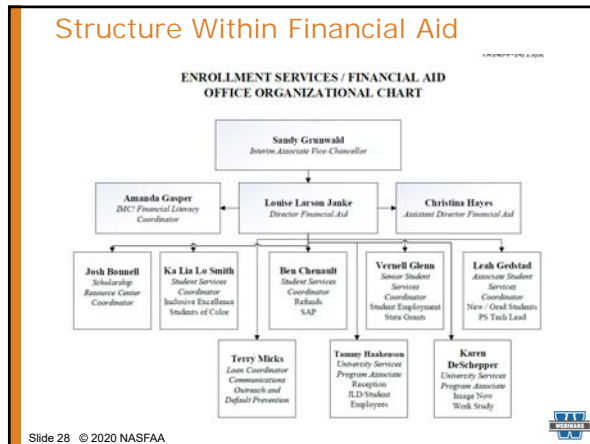
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### Structure Within Financial Aid



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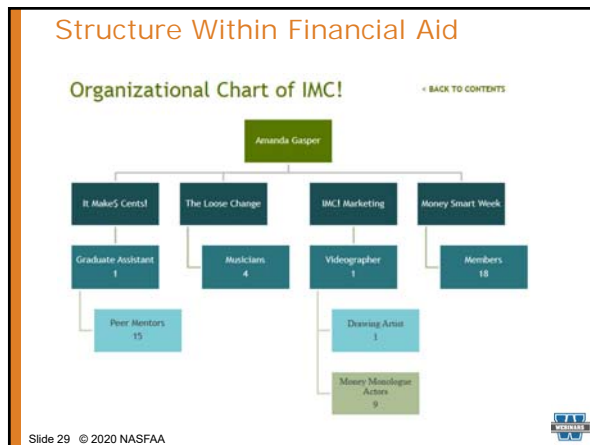
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### Structure Within Financial Aid



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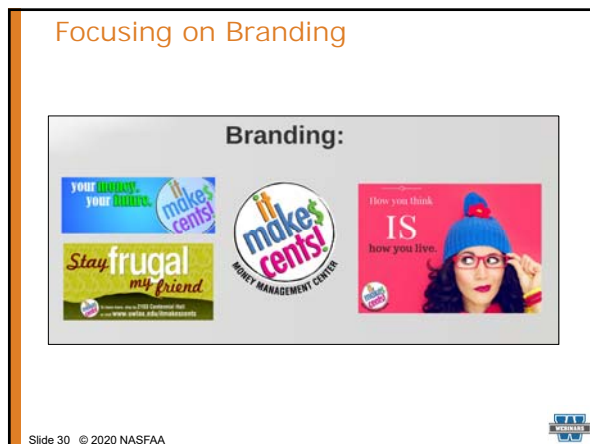
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### Focusing on Branding



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### Tie to Other Initiatives



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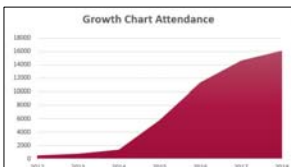
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### Success

Pilot 2012	Attendance
0 Consultations	520
2013	Attendance
11 Consultations	726
2014	Attendance
38 Consultations	1,397
2015	Attendance
80 Consultations	5,792
2016	Attendance
76 Consultations	11,338
2017	Attendance
239 Consultations	12,487
2018	Attendance
315 Consultations	14,108



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Higher Education  
Financial Wellness  
ALLIANCE



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It Makes Cents! Money Management Center  
1725 State St., 2103 Centennial Hall  
La Crosse, WI 54601  
608-785-8852  
agasper@uwlax.edu

**AMANDA GASPER**  
FINANCIAL LITERACY COORDINATOR

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### ► Case Studies – Austin Community College



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### Campus Spotlight

#### Structure

- Outside of Financial Aid
- Seed funding from ED (Title III) grant
- Full time staff and student peer mentors
- Spilt campus model

#### Interventions

- Outbound text messaging
- Incentivized savings program
- Peer education outreach and planning
- Emergency aid

For more information please contact Karen Serna  
([karen.serna@austincc.edu](mailto:karen.serna@austincc.edu))

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### ► Case Studies – University of Minnesota Twin Cities



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### Campus Spotlight

#### Structure

- Housed in One Stop Student Services
- One Stop Counselors – Certified in Financial Management
- Sister Unit to Financial Aid

For more information visit:  
[z.umn.edu/financialwellness](http://z.umn.edu/financialwellness)

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#### Interventions

- One on One Appointments
- Classroom/Student Group Presentations
- Online Financial Education
  - MyU
  - EffectiveU
  - Social Media
- Appointments in Three Locations
- Topics include:
  - Budgeting
  - Loans and Repayment
  - Understanding credit
  - Setting financial goals
  - Banking and savings basics



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### Guidelines for Financial Aid



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### Financial Aid Office Engagement

If the program is not in your office:

- Deep expertise and content knowledge on programs
- Think about the broader role of financial aid
- Training and policy development for campus
- Create integration to make sure messaging consistent
- Actively advocate for the role of financial aid in student success

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# NASFAA's Webinar Series

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### Financial Aid Office Engagement

If the program is in your office:

- Engage various offices on campus:
  - Student Affairs / Success
  - Bursar
  - Academic Affairs
  - Admissions
- Broaden the scope of the issue / attempt to establish shared goals
- Train staff on institutional goals / plans
- Broader staff training beyond financial aid topics
- Engage students in non-traditional ways

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**Higher Education  
Financial Wellness**  
ALLIANCE

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### Alliance Mission

The Higher Education Financial Wellness Alliance is a network of professionals dedicated to bringing together post-secondary organizations to inform national conversations that impact the financial wellness field, public policy, and educational support services.



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### Alliance Vision

The Higher Education Financial Wellness Alliance will be the premier forum for conversations related to financial wellness in higher education. Through programming, policy, and research the alliance will scale impactful solutions and further the national discussion to assist campuses in developing financial wellness for students to support responsible college financing, remove barriers to degree completion, and provide lifelong skills for economic prosperity.

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### The Summit



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Higher Education  
Financial Wellness  
Alliance



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### The Summit

- Growth has shown there is an increased focus on campuses around higher education financial wellness
- This growth has shown need for year-round conversations
- Every year new program, and new professionals, enter the field
- Programs and professionals reside in various areas around campus

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Alliance



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### The Summit



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### The Summit

- Growth has shown there is an increased focus on campuses around higher education financial wellness
- This growth has shown need for year-round conversations
- Every year new program, and new professionals, enter the field
- Programs and professionals reside in various areas around campus

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### Membership

- Discounted [HEFW Summit](#) registration and other HEFWA-sponsored events
- Access to The [Alliance Coaching Experience \(ACE\)](#)
- Posting job positions to our [Career Board](#)
- [Webinars](#) and in-person programming throughout the year
- Access to members-only listserv ([Launching February 2020](#))
- Data from the 2020 Survey of Financial Wellness Programs

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### Higher Education Financial Wellness Podcast

- Subscribe on iTunes



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### 2020 Summit

- Join us July 19-21, 2020 in Lincoln, Nebraska

	Dates	Member	Non-Member
Early-bird	1/6-3/13	\$200	\$300
Regular	3/14-6/12	\$250	\$350
Late	6/13-7/10	\$300	\$400



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### Questions

- For more information about HEFWA please visit [www.hefwa.org](http://www.hefwa.org) or email [info@hefwa.org](mailto:info@hefwa.org)
- Bryan Ashton: [bryan.ashton@trelliscompany.org](mailto:bryan.ashton@trelliscompany.org)
- Phil Schuman: [phaschum@iu.edu](mailto:phaschum@iu.edu)

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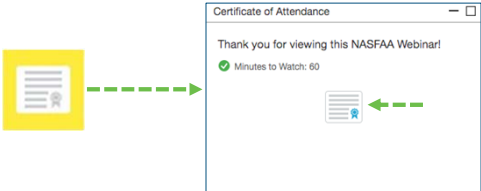


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### Download Your Certificate of Attendance



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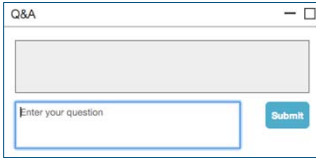
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### Submit Your Questions



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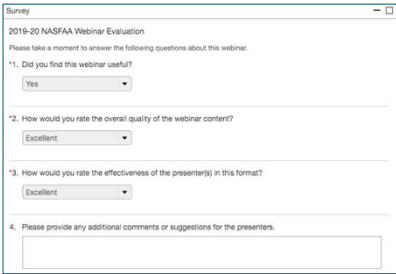
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### Complete the Survey



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**Tune In Next Time!**

**NASFAA Business Services**  
February 25, 2020  
2:00 p.m. ET

**Enrollment Management for  
Financial Aid Administrators**  
March 11, 2020  
2:00 p.m. ET

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**2019-20 Course Schedule**

Student Eligibility - 9/9/2019  
Return of Title IV Funds – 10/1/2019  
Verification – 10/21/2019  
Overview of Financial Aid Programs – 11/5/2019  
Verification – 1/13/2020  
Administrative Capability – 2/11/2020  
Need Analysis/Professional Judgment – 3/2/2020  
Cost of Attendance – 3/31/2020  
Cash Management – 5/4/2020

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**Apply Today!**

**CFAA**  
NASFAA CERTIFIED  
FINANCIAL AID ADMINISTRATOR

**THE CFAA  
PROGRAM  
IS HERE!**

The National Association of Student Financial Aid Administrators is excited to launch the Certified Financial Aid Administrator® (CFAA) Program in 2019-20!

NASFAA.ORG/CFAA

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# What's next?

## Please join us for the 2019-20 NASFAA Webinar Series



NASFAA's [live webinars](#) bring you the latest information, hot off the press, and allow you to actively engage with NASFAA staff and featured presenters from government, partner organizations, and fellow aid administrators.

[On Demand Webinars](#) are recordings of previously broadcasted events. The recordings are available for purchase and viewing at your convenience.

All webinars begin at 2:00 pm ET, unless otherwise noted, and last 60 to 90 minutes. Archives are usually available after the webinar for purchase; these archives are also free to webinar package purchasers.

### Webinar Schedule for 2019-20 - See You Online!

Topic	Air Date
Professional Judgment & Need Analysis: Like Peanut Butter & Jelly	08/01/2019
Most Popular AskRegs Questions: Untaxed Income	09/11/2019
FAFSA: 2020-21	10/02/2019
Updating FAFSA Data: When and Why	10/23/2019
Verification 2020-21	11/19/2019
What the Pell Am I Supposed to Do With These Enrollment Status Changes?	12/11/2019
Policy Update*	12/17/2019
Verification 2020-21: Follow-Up Webinar	01/22/2020
Financial Literacy	02/12/2020
Enrollment Management for Financial Aid Administrators	03/11/2020
Grad/Professional School Townhall*	03/25/2020
Satisfactory Academic Progress: Basics & Beyond	04/22/2020
Return of Title IV Funds Spotlight: Advanced Concepts	05/13/2020
Policy Update*	05/19/2020
Hot Topic TBD	06/03/2020

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for financial aid administrators;  
advocates for public policies  
that increase student access and  
success; serves as a forum on  
student financial aid issues;  
and is committed to diversity  
throughout all activities.**

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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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