

Fact Sheet
U.S. Department Of Education, FDIC, and NCUA
Financial Access and Financial Education Collaboration Agreement

Background

The Agreement signed November 15, 2010, establishes a new federal partnership to encourage schools, financial institutions, federal grantees, and other stakeholders to work together to increase financial literacy, access to federally-insured deposit accounts, and savings among students and families across the country, with an emphasis on low- and moderate-income students and families.

The need for collaboration is well-documented. For example, the 2009 Financial Capability Survey documented that a majority of Americans do not have a "rainy day" fund, are not adequately preparing for their children's college education and their own retirement, and had not ordered a copy of their free credit report in the previous 12 months. In addition, a 2009 National Household Survey by the FDIC showed that more than one quarter of all households are "unbanked" or "underbanked" and that those households are disproportionately low-income and/or minority.

Research also demonstrates that the more people know about credit and banking services, the more likely they are to develop a plan to manage their money, save for future needs and goals, use credit responsibly, and comparison-shop. The Washington University in St. Louis found that students with a college savings account are up to seven times more likely to enroll in college.

The agencies agree on the importance of providing effective financial education and helping students and families develop positive financial behaviors, such as saving for postsecondary education or training, avoiding excessive debt, and budgeting. The agencies also agree on the importance of increasing access to safe, affordable, and convenient deposit accounts to encourage savings and limit fees paid for basic financial products and services, such as by expanding the number of initiatives around the country to increase financial access and encourage savings.

Highlights of the agreement

- Education will notify its 1,700 GEAR UP and TRIO grantees working with over one million middle school and high school students of the opportunity to receive technical assistance from FDIC and NCUA on developing, implementing, or enhancing their financial access and financial education programs. The three agencies will help schools and Education grantees identify promising practices for establishing partnerships with financial institutions and encouraging savings.
- Education and FDIC will collaborate on identifying strategies and opportunities to enhance the capacity of educators to effectively deliver financial education in the classroom and ensuring FDIC's *Money Smart* instructional materials provide timely and accurate information on options to pay for a college education, including federal student financial assistance.
- FDIC, NCUA, and Education will inform high school teachers and stakeholders about the National Financial Capability Challenge to increase participation of high school students across the country.

- NCUA will consider making loans and grants from its Community Development Revolving Loan Fund to qualifying credit unions that partner with public schools or Education grantees to provide low- and moderate-income students with access to safe, affordable, and convenient savings accounts and to increase the financial literacy of low- and moderate-income students and families.
- NCUA will consider making insured credit unions aware of the *Money Smart* program and opportunities to use it as a foundation for their financial education initiatives.
- Education, FDIC, and NCUA will identify opportunities to set benchmarks and track the successes of this collaboration, with respect to financial literacy, financial access, and savings.

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