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Message from the Chairman



When I look at the FDIC's vital role in serving the American people, I see a long and impressive list that includes helping to maintain stability in the nation's financial system, supporting community development and promoting financial literacy. I'm proud to say that there's one FDIC program making a big difference in all three of those areas. That's the *Money Smart* financial education program, especially those parts of the curriculum that help prepare low- and moderate-income families to buy and enjoy their own home – a fact that gives me mixed emotions now that so many people in our Gulf Coast states have recently lost their homes to hurricanes.

How can an education in the basics of money management affect the strength of our communities and our national economy? Start with what happens when people learn more about saving and managing money. They become financially independent. Soon they'll use their new savings to provide a better life for themselves and their family, often by owning and maintaining a home. These new homeowners will want to protect their investment, and that contributes to safer and more vibrant communities. The end result? A more stable financial system and a more prosperous America.

Recent statistics show that nearly 70 percent of American families own their homes. I believe that some of the credit should go to financial education products such as *Money Smart* as well as the high-quality classes and other programs offered at the local level by banks, non-profit organizations, government agencies and other institutions. That's why much of this issue of *Money Smart News* is devoted to highlighting what *Money Smart* can do for our outside partners to advance the cause of homeownership.

Inside you'll read about the key components of *Money Smart* related to saving and borrowing for a home. You'll also find success stories from some of our outside partners who are using *Money Smart* to boost homeownership in the communities they serve.

On a related subject, another article provides an update on the FDIC's recent Spanish-language advertising campaign that is promoting *Money Smart* – and wealth building and homeownership – in Hispanic communities.

I like to think of *Money Smart* as one success story consisting of thousands of individual successes – the many people who have opened a bank account, bought a home, started a business or otherwise been helped by *Money Smart* and our network of partners around the country. If you want to learn more about *Money Smart*, join our partnership or offer a suggestion, [contact your regional FDIC Community Affairs Officer](#).

Money Smart Guides Families on Saving and Borrowing for Their First Home

Managing personal finances can be challenging for anyone...but especially for people who are just beginning to save and pay for their first home. That's why the FDIC is reminding educators, bankers and housing counselors about how the *Money Smart* financial education program can help adults of all ages, especially those from low- or moderate-income families, live a better, safer life in their own homes.

"Financial education programs such as *Money Smart* can do so much to promote homeownership simply by taking some of the mystery out of saving money and shopping for a loan," said Lee Bowman, the agency's National Coordinator for Community Affairs. "For many people, getting a basic financial education is the first step along the path that eventually leads to their own front door."

Added Tom Stokes, the FDIC's Community Affairs Officer in Atlanta, "The basics of budgeting, saving and establishing a good credit record are essential to getting your financial house in order, and *Money Smart* covers those topics in clear and simple terms. Even housing counselors who use another financial education program will comment on how they still use *Money Smart* handouts on a regular basis."

Money Smart Guides Families on Saving and Borrowing for Their First Home (continued)

Money Smart – both the program designed for the classroom and the interactive [computer-based version](#) for use any time and anywhere -- consists of 10 “modules” (training sessions). However, the “Your Own Home” module provides the most information to help people learn about and make decisions involving home buying. It includes:

- **Descriptions of the substantial differences between renting and owning, plus questions to ask to be sure you’re ready to buy a home.** “For many people, buying is the right way to go, but for many others renting may be a better choice,” explained Bowman. “Understanding the benefits of both renting and buying are vital to making what will probably be the biggest financial decision of your life.”
- **An overview of programs to help people become homeowners.** A good example is the “Individual Development Account” created by Congress in 1998 to encourage low-to-moderate income people to save for homeownership (and other purposes) by allowing matching contributions, typically from a government agency, a non-profit organization or a financial institution. “IDAs are a great way to encourage and help someone save for a downpayment and closing costs, especially with those matching contributions providing more purchasing power,” said Stokes.
- **Guidance for figuring out the size of a mortgage payment someone can afford.** For example, the curriculum helps people understand the cost implications of choosing a short or a long mortgage term or a fixed- versus a variable-rate loan. This is useful and timely information, especially given the growth and complexity of the new choices in mortgages, some of which may carry special risks. “We also know from our classroom experience that the topic of how much of a mortgage payment you can afford always brings out serious discussions about how and where to shop for the best deal,” added Bowman.

Other useful *Money Smart* modules for potential homebuyers include “Pay Yourself First” (how and why to save money) and “To Your Credit” (about the importance of maintaining a good credit history).

The FDIC is pleased to hear from partners in the private- and public-sector that *Money Smart* is making a difference in their education efforts for first-time home owners. Want examples? See the [success stories](#) published elsewhere in this issue of *Money Smart News*.

An Update on the FDIC’s Hispanic Advertising Campaign

In [the last issue of Money Smart News](#), we featured details and photos from the launch of the FDIC’s summer-long, Spanish-language advertising campaign. The print and radio ads that ran in 14 key markets were developed to raise awareness of the FDIC’s *Money Smart* financial education program among Hispanic adults and to encourage them to ask about *Money Smart* classes or products. The initial results from the eight-week campaign (June 6-July 3 and August 1-September 4) are impressive, including the following:

- Fifty-two radio stations carried the advertisements, which resulted in an estimated 144 million “impressions” (instances of someone hearing an ad).
- The FDIC received 4,873 calls to a special Spanish-language help line resulting in 2,230 inquiries about *Money Smart* classes and 1,971 requests for the interactive version of *Money Smart* available in Spanish, free of charge, on CD-ROM.
- A total of 1,080 people attended a *Money Smart* class as a result of the advertising campaign.

“We are encouraged at the amount of interest in the Hispanic community for information about money management,” said Lee Bowman, National Coordinator of Community Affairs at the FDIC. “Advertising our program in Spanish and through the Spanish media has proven to be an effective means of communication.”

Bowman and other FDIC officials also were pleased to hear about favorable comments from consumers who responded to the advertisements. For example, a New Jersey woman who called the hotline said, “It is refreshing to know that a government agency like the FDIC is spreading awareness throughout the Spanish community on how easy it is to open a bank account and, most important of all, how to learn to trust a bank.”

Likewise, FDIC staffers have heard positive reactions from bankers who either taught a Spanish-language *Money Smart* class or opened new accounts after the FDIC advertisements appeared. One Midwest banker wrote to the FDIC that some of the *Money Smart* participants who opened new accounts “were so excited to finally be able to have their own checking account and a debit card,” and that others who already had checking accounts also decided to sign up for direct deposits into new savings accounts.

Money Smart: Get Involved!

Any organization interested in financial education can use *Money Smart*. For information and instructions on how to obtain copies of the curriculum go to www.fdic.gov/consumers/consumer/moneysmart/order.html or call 1-877-275-3342.

The *Money Smart* curriculum is comprised of 10 comprehensive instructor-led modules covering basic financial topics including an introduction to bank services, tips on obtaining credit and information on buying a home. It can be easily reproduced for wide dissemination and has no copyright restrictions. *Money Smart* is free to users. The version of *Money Smart* intended solely for classroom use is available on CD-ROM in English, Spanish, Chinese, Korean, and Vietnamese.

In addition, a new interactive version of *Money Smart* is available for computer-based instruction (CBI) in two formats: as a CD-ROM and on the FDIC's Web site. Unlike the previous version of *Money Smart*, the CBI program is designed for individual use at home, public libraries or other locations where there is access to computers or the Internet. *Money Smart* CBI is available in English and Spanish.

Send Us Your Success Stories

We want to hear how *Money Smart* is making a difference. We're interested in hearing about your programs and procedures, tips and other information that *Money Smart* educators and partners might find useful. The best contributions may appear in a future issue of *Money Smart* News. [Submit your stories](#) today! Also see our [previously published success stories](#).

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Partner News

Since *Money Smart* was launched in 2001, the FDIC has distributed more than 236,000 copies (paper and CD-ROM versions) of *Money Smart* to financial institutions, community groups and agencies across the country. In addition, the FDIC has provided free training to nearly 10,000 instructors. More than 300,000 people have taken *Money Smart* classes and more than 40,000 new banking relationships have been established by *Money Smart* students.

The FDIC has also set up the *Money Smart* Alliance program for organizations that want to sign an agreement with the FDIC to promote *Money Smart* throughout their constituency. In many cases, these organizations have operations in a number of states or nationwide. Since the *Money Smart* Alliance Program was announced by Chairman Powell in June 2002, the number of national Alliance Partners has grown to 33 and the number of local Alliance Partners has climbed to more than 900.

Since the Summer 2005 issue of *Money Smart* News, 100 Black Men of America, Inc., has joined the FDIC's Money Smart Alliance program. This organization was created by a group of concerned African-American men about 40 years ago to help improve the quality of life for African-Americans and other minorities as well as their communities. Through its network of local mentoring and educational programs for youth, 100 Black Men of America, Inc., will provide the *Money Smart* financial education curriculum to about 100,000 young people.

All our partners are helping us meet our shared goal of helping low- and moderate-income Americans become "*Money Smart*" so they can establish healthy banking relationships, begin building assets, and secure a better future for themselves and their families.

We want to hear from you! Please [share your stories](#).