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Message from the FDIC

The FDIC's *Money Smart* financial education program is both a great success and a work in progress. What started in 2001 as a 700-page paper-based product for classroom use and available only in English now includes materials in four foreign languages and a computer-based version for self-paced learning any time, anywhere. While *Money Smart* is continuing to grow and to evolve, the underlying goals set by the FDIC have remained the same, and two of them are featured in this issue of *Money Smart News*.



One such goal is to help "train the trainers" at financial institutions, community groups, schools and other organizations that will be teaching *Money Smart* classes. The FDIC has learned much about the needs of *Money Smart* educators and students these last four years, and we're passing those lessons along. Inside, you'll read about a new video from the FDIC with guidance for anyone wishing to teach a financial education class, not just a *Money Smart* course. You'll also find a collection of 10 practical, time-tested tips from the FDIC that educators can use to prepare for and lead a class in money management.

Another ongoing commitment of the FDIC is to reach out to segments of our society that have special needs for financial education. Read ahead to learn more about how the *Money Smart* program and the agency' quarterly *FDIC Consumer News* are helping to educate one such group – senior citizens – on matter such as stretching savings throughout their retirement, borrowing wisely and avoiding fraud.

Inside we also are asking for success stories and words of wisdom about teaching financial education to senior citizens as well as to recent immigrants and people with disabilities. By gathering and sharing this information, the FDIC is pursuing both of the goals I just mentioned – to train financial educators and to bring financial education to groups with special needs.

The FDIC is committed to reviewing – and renewing – *Money Smart*. If you want to contribute to our efforts, perhaps by becoming a *Money Smart* partner, by offering to teach a financial education class or by simply making a suggestion to the FDIC, contact your regional Community Affairs Officer.

Christopher J. Spoth

Acting Director

FDIC Division of Supervision and Consumer Protection

Money Smart...At a Glance

- A free, award-winning financial education program from the FDIC
 - Primarily to help low- and moderate-income adults develop money-management skills
 - Two versions – one for classroom use (in English, Spanish, Chinese, Korean and Vietnamese), the other for computer-based, self-paced learning (in English and Spanish)
 - Classes offered through an extensive network of *Money Smart* "partners," including financial institutions, non-profit organizations and government agencies
 - Since 2001, about 495,000 people have taken *Money Smart* classes and 82,000 new banking relationships have been established
- To learn more, start at *Money Smart Home*.

Training for the Trainer: FDIC Tips and New Video Can Help Every Financial Educator Get an "A" for Their Class

Whether you're a financial education teacher-in-training or a old pro, the FDIC wants to help you be your best in the classroom. That's why the FDIC has a new video on how to lead a *Money Smart* or any other financial education class and why this issue of our quarterly newsletter features 10 special tips for financial educators.

The new video (33 minutes in English, 42 in Spanish) "is designed for anyone teaching basic financial education," said Lee Bowman, the FDIC's National Coordinator for Community Affairs. He said that while the video provides an overview of the *Money Smart* program (intended primarily for low- and moderate-income adults), it also gives "good basic guidance on how to teach a financial education class, including an emphasis on the importance of advanced preparation."

The video is a complement to instructor guides that are part of the *Money Smart* curriculum and train-the-trainer workshops the FDIC holds for *Money Smart* educators at banks, community groups and other organizations. To see the video online, order a free copy in DVD or VHS format or learn more about *Money Smart* teacher training programs in general, go to <http://www.fdic.gov/consumers/consumer/moneysmart/trainthetrainer.html>.

In addition, *Money Smart* News has compiled the following 10 suggestions to help any financial educator prepare an effective, inspirational presentation to adult students:

1. Know your audience. Do some early research, such as by including a survey or pre-session questionnaire with registration materials, to identify students' special needs. For example, if most or all of the students will be senior citizens, new immigrants or low-income individuals, think about the financial issues that matter to them and plan to have discussions, handouts and visual aids that could be helpful.

Joan Lok, an FDIC Community Affairs Specialist in Baltimore, also likes to start the first class with an "icebreaker" – a question to each participants such as, "What would you do with a million dollars?" Why? "Their answers often give me an idea of how each student values and manages money and other insightful information about each person's needs," she said.

Also discuss with your program's administrators whether special support services may be needed by your students, such as child care, transportation, on-site translation or sign-language interpretation.

2. Be sensitive to the students' financial problems and needs. "Regardless of income level and education level, a lot of people don't ask for help or seek financial education until they are on the verge of getting into trouble with their bills," Lok said. "Financial educators have to be very sensitive to the needs of the student. You don't say, 'You should have come for help before you opened 10 credit cards and ran up all those debts.' Instead, deliver the message with a non-judgmental, positive and encouraging attitude."

3. Use personal anecdotes. No matter how your background may differ from your students, they still can relate to and be inspired by your true stories of mismanaging money or misunderstanding key concepts. For example, tell them if you made a mistake when you applied for a loan or borrowed too much on a credit card...and what you learned from your experience. These stories can illustrate or emphasize special concepts or messages, generate discussion and maintain the students' interest.

4. Involve everyone in the discussion. Adults learn best if they participate and speak in class and don't just listen to lectures. Build in time for class exercises and open-ended questions that encourage participants to talk about their experiences or concerns. Compliment participants on interesting or insightful comments.

5. Make the subject matter relevant. Adults must see value in what you're teaching and how it applies to their world. Explain the potential benefits if they follow your recommendations. And remember to focus on topics that are the most pressing for your students. Example: Class participants who are living paycheck to paycheck will relate better to a discussion on how to reduce spending and increase income than to the basics of buying a home.

6. Practice effective speaking techniques. You want to "be yourself" and be as relaxed as possible in class. But you also should be conscious of what you need to do to hold your students' attention. Make eye contact with participants. Avoid stiff body-language, pacing or other nervous habits. Show energy and enthusiasm, which will help convey the importance of the financial topics you are discussing. Use hand gestures to support and liven up your presentation. And, speak clearly, with a minimum of "uhs" and "ums" in your sentences. Many of the best instructors take the time to practice before friends, family members or even in front of a mirror at home.

7. Take it slow. "Because money is so personal, you need to pace your delivery to give students extra time to absorb what you're telling them and apply it to their own situation," said Lok. "It's not like teaching math and 'three minus two is one.' When you're talking about credit cards, people will naturally start thinking about their own credit card and if they should look for a better deal. It becomes a more personal and more difficult process."

8. It's OK to be creative. "Varying your teaching methods and departing from the scripts can help keep participants' interest," said Liz Kelderhouse, an FDIC Community Affairs Officer in Kansas City. She also encourages financial educators to arrange field trips to financial institutions. "One of our *Money Smart* partners that teaches financial education to Latino immigrants arranges for a monthly visit to a nearby bank branch," Kelderhouse added. "The class participants look forward to meeting bank personnel and many of them open their own accounts."

9. Bring in outside speakers. Good examples include a local banker, a community leader who overcame financial struggles earlier in life, and a government official from a financial or consumer protection agency (perhaps a local representative of the Social Security Administration who can talk about retirement planning). "Guest speakers can add variety and valuable information to a class," noted Kelderhouse. "They also introduce the students to other resources they can turn to for help with their financial planning or important transactions."

10. Ask the students, "How did I do?" At your last class, hand out a course evaluation, such as the one included in the *Money Smart* materials, or conduct your own assessment. "Ask the students what they liked and what they want to see in the future," said Kelderhouse. "That way, you can build on those comments and make the sessions more effective."

FDIC Financial Education for Senior Citizens

Retirement isn't just shuffleboard and early-bird dinner specials. It means opening a fresh chapter of life, with new challenges and adventures. With a longer life expectancy, one retirement challenge is how to pay for it. All of this adds up to the need for seniors to pay more attention to their finances and investments to make sure they last through retirement. "You really need a strategy to make sure savings last," said Lee Bowman, National Coordinator of Community Affairs at the FDIC.

To formulate that strategy, retirees need to chat with financial advisors and loved ones about maintaining their financial well-being. But the other component is education. Peoples' finances change when they retire, so they need to think about them differently. That's where the FDIC's *Money Smart* program comes in. Its modules can help show *Money Smart* students how they can afford retirement and manage their investments.

"The investment vehicle for one person may be different from one's neighbors," noted Thomas E. Stokes, the FDIC's Community Affairs

Officer in Atlanta. "Each of us has different needs, so you must enter that into the equation. Much like purchasing a car, some of us need sedans while others may need a utility vehicle," Stokes pointed out. "In deciding which investment product to use, such as an annuity, you must be an informed purchaser who does comparison shopping." The "Pay Yourself First" section of the *Money Smart* program teaches retirees ways to save money and the differences between types of savings and investment accounts.

Also important to retirees is the need to protect their money and their credit. Both the "Keep it Safe" and "To Your Credit" modules of *Money Smart* discuss how to avoid identity theft. The "To Your Credit" module also deals with credit repair (including a checklist of questions to ask when trying to select a credit counseling agency) and credit repair scams.

An efficient way to protect retirees' funds is through direct deposits into a reputable financial institution. "Whether the payments are retirement, Social Security or other benefits, direct deposit is extremely important," said Stokes. "It is

How Are You Educating Seniors?

We're interested in hearing about your successful programs and procedures using *Money Smart* to teach financial education to senior citizens. The best contributions may appear in a future issue of *Money Smart News*. Submit your stories by March 1, 2006

easy for thieves to intercept your check – usually at your mailbox." Direct deposit is a positive step toward reducing such theft. Direct deposit is dealt with in the "Bank on It" module as well as in the "Check It Out" section.

It is also important to know what your credit rating is and how to protect it. The Fair and Accurate Credit Transactions Act (FACTA) entitles a person to request a free report from the three reporting agencies by calling 1-877-322-8228 or going to www.annualcreditreport.com. "It is one of the few times you will have to give out your Social Security number and other personal information when it is not a scam," Stokes noted. The "To Your Credit" module deals with these credit issues.

Financial awareness deals not only with the day-to-day issues, but decisions that will affect retirees' heirs. Take reverse mortgages, for example. They are covered in the "Your Own Home" section of the course. Stokes points out that "reverse mortgages may provide much needed funds, but just be aware of the future impact on your heirs, whether they are your children or others. You do not repay the principal and interest on a reverse mortgage unless you move or sell the home or die, but because the debt has to be repaid, your heirs will get a reduced inheritance or perhaps no inheritance."

Another useful tool for financial educators as well as retirees is the Fall 2005 issue of the quarterly newsletter *FDIC Consumer News*, a special edition entitled "Fiscal Fitness for Older Americans: Stretching Your Savings and Shaping Up Your Financial Strategies." It is available online at www.fdic.gov/consumers/consumer/news/cnfall05. The publication may be reprinted without advance permission. In addition, the FDIC offers this special report at the above Web site in a PDF version that looks just like the printed newsletter and can be easily reproduced in any quantity. The back page was intentionally left blank so that an organization could add its name, logo, a special message and/or self-mailing information.

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, an 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 finding out 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*.

The FDIC is making a special appeal for success stories, words of wisdom and other do's and don'ts about teaching *Money Smart* to:

- **Senior citizens;**
- **Recent immigrants; or**
- **People with disabilities.**

Contributions on the above three topics are requested by March 1, 2006.

Also see our previously published success stories. Submit your stories today!

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Partner News

Since *Money Smart* was launched in 2001, the FDIC has distributed more than 260,000 copies (paper and CD-ROM versions) of *Money Smart* to financial institutions, community groups and agencies across the country for use in classroom instruction. In addition, the FDIC has provided free training to nearly 41,000 instructors. About 495,000 people have taken *Money Smart* classes and 82,000 new banking relationships have been established by *Money Smart* students. A computer-based instruction (CBI) version of *Money Smart* for self-paced learning was launched on September 15, 2004, and, thus far, more than 81,000 CBI curricula have been issued.

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 former 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.

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.