Financial Literacy Conversations: Helping Students Manage Their Resources Successfully

Michelle Bates
Financial Aid Coordinator
The Pennsylvania State University World Campus

Council of College and Military Educators Symposium 2015
Session Goals

• Expand knowledge of financial literacy as related to post-secondary education.

• Gain a better understanding of characteristics of non-completers and defaulters.

• Identify resources and what’s working.

• Recognize the value of collaborating to strengthen the efforts promoting financial literacy.
The underlying goal...

...to help students put the pieces together to finish ‘their picture.’
Financial Literacy—What is it?

Financial Literacy is acquiring the knowledge and skills to make informed financial decisions and take effective actions regarding money management.

Dr. Daad Rizk, “Money Counts: A Financial Literacy Series—What should every adult know about finances?”
The ability for postsecondary students to use knowledge and skills to make good decisions related to

**budgeting**, **borrowing**, and **repayment** strategies.
Voices of Debt - The Student Loan Crisis: Don't Major in Debt
Financial Literacy—Why is it needed?

In 2012, 71% of all students graduating from four-year colleges had student loan debt.

Average debt levels for all graduating seniors with student loans rose to $29,400 in 2012 — a 25% increase from $23,450 in 2008.
Financial Literacy—Why is it needed?

- Resources being exhausted before reaching the goal
- Reduce student debt
- Reduce default
• The average student who enters college lacks basic skills in the management of personal financial affairs.

• Many are unable to balance a checkbook & most simply have no insight into the basic survival principles involved with earning, spending, saving & investing.
And the survey says...
• 76% of college students wish they had more help preparing for their financial future.

• 53% of parents agree that their child thinks “money grows on trees”.
  – Building Teen Personal Finance Skills a Top Worry for Parents, Visa.

• Only 1 in 5 students claim to have been “very well prepared” for managing their money on campus.
  – Key Bank and Harris Interactive, August 2006.
• Only 59% of 18-29 year olds pay their bills on time every month.

• 63% of Americans acknowledge they don’t save enough, and 36% say they spend more than they can afford.
Financial Literacy—Who needs it?

At risk populations…

1st generation college students
transfer students
reenrolling students
military students

…all students!
What are the “red flags?”

Segments of student borrowers at risk:
- Students at risk of **non-completion**
- Students at risk of **default**
- Students at risk of taking on **unsustainable** amounts of debt

Related Risks
Why should I care?

• HEOA, Section 402D
  – “to improve the financial literacy and economic literacy of students, including:
    • Basic personal income, household money management, and financial planning skills; and
    • Basic economic decision making skills”

• Required services include “education or counseling services designed to improving the financial literacy and economic literacy of students”.
How to Get Started

• Determine the “why” a program is needed
• Create your partnerships
  – Internal—get administration on board early
  – External—seek industry experts
  – Form an Advisory Board with key stakeholders
• Research areas of concern for your student body
• Set the program goals
  – Short term and long term
• Develop the curriculum
• Be proactive—get out in front of the issues and have the information to assist students
Financial Literacy Needs Survey--Key Findings

• Prefer short, one hour financial literacy sessions that cover general topics such as identifying scholarships, paying off loans, or borrowing. Financial literacy sessions around more specific topics (i.e. military aid resources) may need to be targeted to a smaller audience that would find them of particular interest.

• Financial concerns surround the cost of education and the amount of debt they incur.

• Largest financial aid expenditures are tuition and books.
Student Demographics

• 39% were between 25-34 years old
• Close split between gender, with women at 59%
• 57% were employed, 42% listed as full-time
• 30% are taking 6 or fewer credits
• 31% are taking 7-12 credits
• 61% typically receive a refund from their aid resources
What’s working at Penn State

• Workshops
  – New Student Orientation—include your Financial Aid Office in the event

• Webinars

• Peer-to-peer Programs

• Marketing and Promotional Materials

We’re still growing…!

Penn State World Campus
Curriculum Development

Financial Literacy Series

Join Dr. Daad Rizk, financial literacy coordinator, to learn how to manage your money more efficiently. Webinars are offered as part of Penn State’s financial literacy curriculum: Money Counts: A Financial Literacy Series.

Past Webinars

Spring Clean Your Financial Clutter

At the Spring Clean Your Financial Clutter webinar, Dr. Daad Rizk explained how and why you should clear out financial clutter, the difference between temporary and permanent records, and how to use budgeting as a tool to clean up this clutter. Topics covered included which records to keep and for how long.

The “Spring Clean Your Financial Clutter” webinar took place on April 24, 2014.

Financial Literacy for Women

At the Financial Literacy for Women webinar, Dr. Daad Rizk, financial literacy coordinator, discussed money-related challenges women face and solutions that can help women succeed financially despite these challenges. Topics covered included earnings, spending habits, family responsibilities, career opportunities, and paying for education.

Military Financial Challenges and Benefits

At the Military Financial Challenges and Benefits webinar, Dr. Daad Rizk, financial literacy coordinator, provided details for military families on topics such as educational benefits, lending options, preparations for deployment or transfer, and common scams to avoid.

Wage and Tax Fundamentals

At the Wage and Tax Fundamentals webinar, Dr. Daad Rizk, financial literacy coordinator, and Dr. Cathy Bowen, professor and consumer issues specialist, provided an overview of the federal taxing system and tax withholding and wage statements, and explained how to read a paycheck stub, calculate taxes and net income, and complete your Form 1040 tax form.

Identity Theft: Protecting Yourself

At the Identity Theft webinar, Dr. Daad Rizk, financial literacy coordinator, explained how identity theft happens and shared ways to reduce your risk, as well as steps to take if identity theft happens to you.

The Plastic Dilemma: Credit Cards, Statements, and Fees

At the Plastic Dilemma webinar, Dr. Daad Rizk, financial literacy coordinator, discussed how to read a credit card statement, how to manage credit card debt, the advantages and disadvantages of credit cards, and how credit cards can impact your credit history, credit report, and credit score. This webinar is part of Penn State’s financial literacy curriculum: Money Counts: A Financial Literacy Series.

The “Plastic Dilemma: Credit Cards, Statements, and Fees” webinar took place on September 5, 2013.
MoneyCounts: A Financial Literacy Series

Budgeting 101: Making Dollars With Sense

Dr. Daad Rizk
The Pennsylvania State University
301 Outreach Building
University Park, PA 16802
dar39@psu.edu

Learning Objectives

- 5 steps to budgeting
  - Set up SMART goals
  - Get Organized
  - Money Coming in
  - Money Going out
  - Balancing Act

MoneyCounts: A Financial Literacy Series

Military Financial Challenges and Benefits

Dr. Daad Rizk
MoneyCounts, a Financial Literacy Series
301 Outreach Building
University Park, PA 16802
dar39@psu.edu
1-814-863-6214

Mr. Matthew Heckman
Military Admissions Counselor
128 Outreach Building
University Park, PA 16802
webbmat@outreach.psu.edu
1-814-863-5465
Peer-to-Peer

Schreyer Business Library

The Student Financial Education Center (SFEC) offers in-person financial education, from one student to another.

Contact

Business Library: 7:45 am - 7:00 pm

The Student Financial Education Center (SFEC) offers in-person financial education, from one student to another.

Peer-to-Peer Financial Education

Make an appointment to talk with a Peer Educator

Mon 9:30-11:30 | 1:15-4:30
Tues 9:30-10:30 | 1:15-4:30
Wed 9:30-11:30 | 1:15-4:30
Thurs 9:30-10:30 | 1:15-2:15

Location: 308 Paterno Library, in Schreyer Business Library
Contact us at sfec@psu.edu

Advisers

- Dr. Cathy Bowen, Professor of Agricultural and Extension Education Consumer Issues
- Mary Edgington, Senior Director of Union and Student Activities
- Dr. David Rizk, Penn State Financial Literacy Coordinator
- Brad Yeckley, Financial Aid Coordinator
- Lauren Reiter, Business Librarian

Workshops & Resources

- Dr. Rizk's MoneyCounts workshop series
- Financial Literacy for College Students

In Partnership with

UPUA [University Park Undergraduate Association]
If you have to borrow…
Loan refund…
Consider the cost of the full degree, not just the semester…
Develop a financial aid plan, much like you develop an academic plan…
Various things we do to assist our students while including literacy dialogue:

**Blog posts** on timely aid topics with literacy elements included

*The Corner of College and Allen*

**Social Media**

*World Campus / grad student guide to financial aid*

**Recruiting**

World Campus combined Admissions/Aid webinar
Continuing Education Open House

**Retention**

Schedule in person and phone appointments with prospect/current students to preempt issues

**Workshops**— Making Ends Meet

*Penn State World Campus*
Change the language—refund vs. loan refund

Students develop an “academic plan” so why not develop an “aid” plan

Get the info out there—have the tough conversations early on—proactive rather than reactive

Staff professional development—stay on top of the details (example: My Career Advancement Account (MYCAA) scholarship for military spouses.)
Late Sunday night on the Corner of College & Allen
Questions / Discussion

Contact:

Michelle Bates
mrb46@psu.edu
814-865-6598