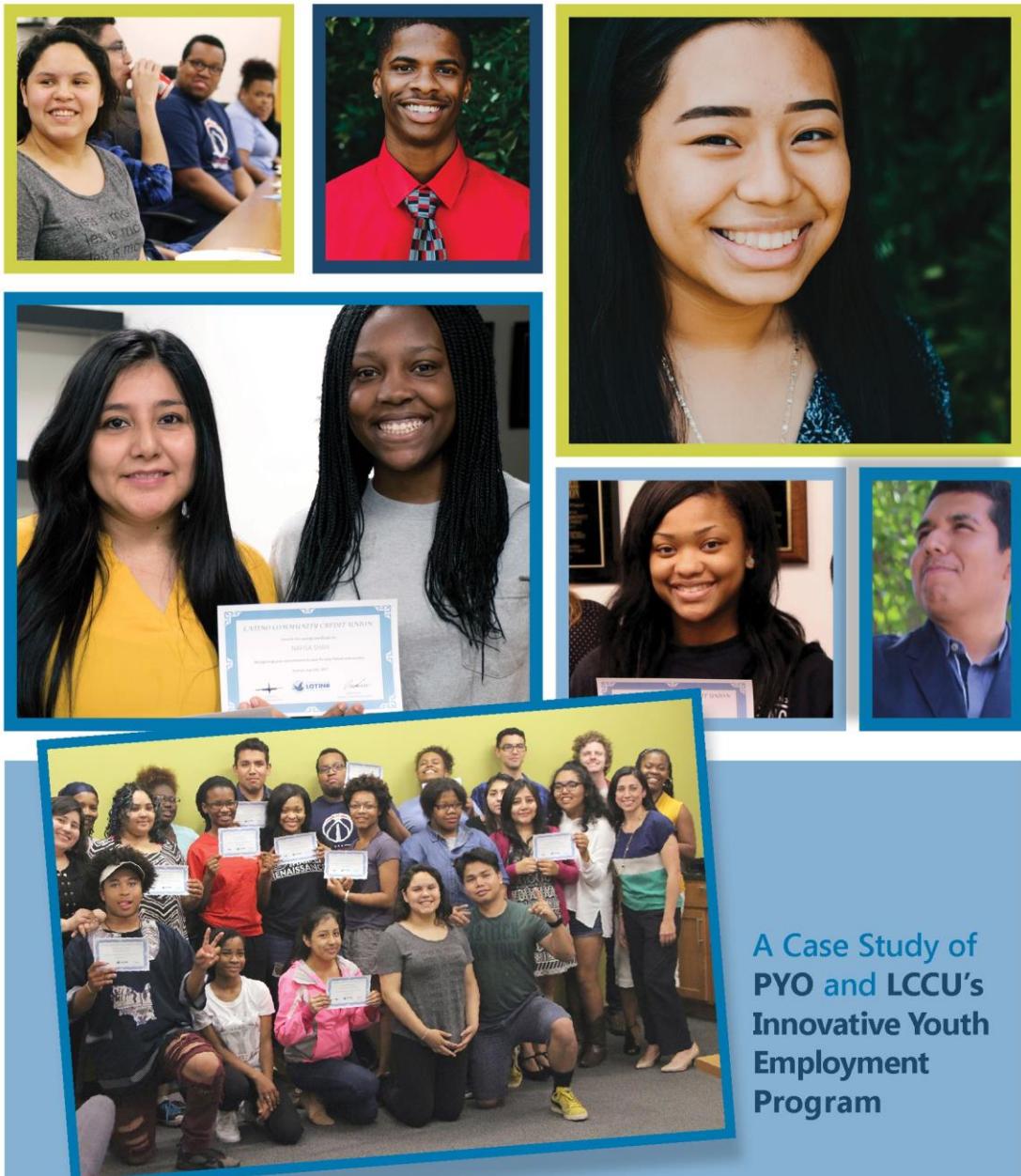


# Building Financial Capability on the Road to Post-Secondary Success



By Latino Community Credit Union and  
Partners for Youth Opportunity

November, 2017





### Partners for Youth Opportunity

The mission of Partners for Youth Opportunity (PYO) is to partner with the community to provide Durham youth with opportunities to connect, develop, and contribute through mentoring, employment and educational support.

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### Latino Community Credit Union

Established in 2000, LCCU has grown into one of the largest and most successful credit unions in North Carolina, offering a full range of financial products and services to members from 122 different countries. By offering ethical and accessible financial products and education, LCCU empowers hardworking families to enter and thrive in the financial mainstream.

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### Acknowledgments

The Saving for the Future Program has been made possible as a result of generous funding from Square 1 Bank, a division of Pacific Western Bank, and the Rose Foundation for Communities and the Environment.

## Building Financial Capability on the Road to Post-Secondary Success

The Saving for the Future Program (SFP) is a youth employment program developed in 2015 by Partners for Youth Opportunity (PYO) and Latino Community Credit Union (LCCU). The Program helps underserved youth in Durham, North Carolina build long-term assets while developing the positive financial habits and behaviors they need to achieve their post-secondary goals.

### A Promising Start

According to the research, a child who has up to \$500 in savings is three times more likely to attend college and four times more likely to graduate.<sup>1</sup> Based on these findings, SFP's results to date are highly encouraging:

- **SFP graduates are building their long-term assets-** The 43 SFP graduates have saved a combined \$39,369, an average of \$916 per student.
- **SFP graduates are developing their financial capability-** 42 of 43 SFP graduates have kept their LCCU accounts open after finishing the program and a majority continue to use their account frequently, avoiding the predatory and expensive services of the informal financial sector.

### About this Case Study

This case study provides an overview of the SFP partners as well as the Program's evidence-based design, its innovative strategies, and its promising outcomes. Additionally, it highlights the key factors that have contributed to the Program's success and that may be considered by other youth empowerment organizations looking to incorporate asset building and financial capability into their own youth employment programs.

### Partner Spotlight

The success of the SFP starts with the PYO-LCCU partnership. Brought together by a common mission to empower local, underserved communities to enter the financial mainstream and build intergenerational wealth, the partners have worked effectively to develop and implement a program that draws on their unique and complementary expertise.

**Partners for Youth Opportunity** is a multi-year, multi-component program in Durham, NC that serves students from 8<sup>th</sup> grade through four years after high school. PYO students face environmental risk factors that can impact their ability to achieve their educational and vocational potential. PYO partners with the community to provide Durham youth with opportunities to connect, develop, and contribute through mentoring, employment, and educational support. To ensure that it can provide personalized attention and support, PYO limits its program enrollment to 100 students.

**Latino Community Credit Union** is a not-for-profit, member-owned, full-service credit union that works to create economic opportunities for all by offering ethical financial products and education. Headquartered in Durham, NC, LCCU serves 72,000 members from twelve branches across the state. LCCU has an established history of empowering underserved communities to enter and thrive in the financial mainstream.

## Durham's Opportunity Gap

Home to Duke University, North Carolina Central University, Durham Technical Community College, and a rapidly growing high-tech industry, Durham, North Carolina presents many of its residents with unlimited academic and vocational opportunities. However, many Durham residents live in areas of concentrated poverty where these opportunities are seemingly out of reach.

### PYO Students

- First generation immigrants
- Children with parents previously or currently incarcerated
- Children who qualify for free and reduced lunch

## Program Design: An Evidence-Based Approach

PYO set out to develop a youth employment program to bridge Durham's opportunity gap. As a first step, PYO recruited LCCU as its partner financial institution. As a bilingual credit union with a history of developing financial products that empower underserved communities, LCCU is well equipped to work with PYO families. Together, PYO and LCCU developed the Saving for the Future Program by bringing together best practices and recommendations from the youth employment, financial capability, and youth savings account literature.

### Youth Employment and Financial Capability

Youth employment is increasingly considered a unique point-in-time opportunity to "improve financial practices and financial health outcomes for the adult workforce of the future."<sup>iii</sup> A new generation of youth employment programs are connecting young people not just with jobs but, by taking advantage of the payroll system, connecting them to financial institutions where they can build their long-term assets while developing their financial capability.

### Financial Capability

**The combination of knowledge, skills, attitudes and, ultimately, behaviors that translate into sound financial decisions and appropriate use of financial services<sup>ii</sup>**

### Youth Savings Accounts and Long-term Asset Building

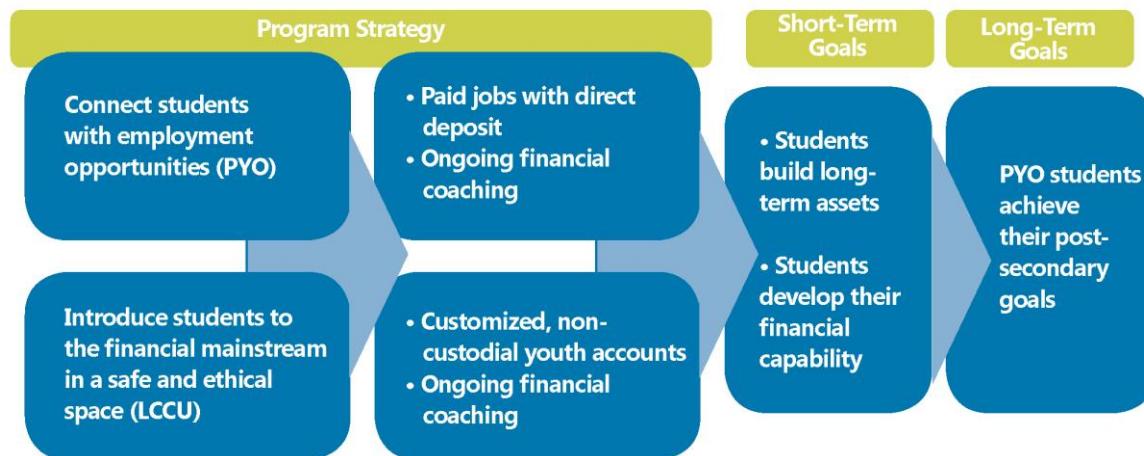
Youth and Children Savings Accounts are long-term asset-building vehicles established for young people. These savings accounts are typically established by a seed deposit or a savings match from a non-profit organization, a foundation, or a government agency. While these savings may often not be enough to pay for the high-costs of post-secondary education, they play an important role in building "children's expectations and foster a college-bound identity, in which children see themselves as someone who will go to college."<sup>v</sup> Additionally, the growing research on youth savings suggests that to improve post-secondary outcomes, youth savings programs should provide additional supports that empower youth to take an active role in their financial futures.

**A child who saves up to \$500 is 3X more likely to attend college and 4X more likely to graduate<sup>iv</sup>**

## Saving for the Future Program Overview

Building on the youth empowerment research, PYO and LCCU developed the Saving for the Future Program, using employment to connect PYO students with LCCU in order to help them build their long-term assets and develop the financial capability they need to achieve their post-secondary goals.

### SFP's Pathway to Economic Prosperity and Academic Success



### Program Strategies

#### 1. Provide Employment Opportunities that Connect Students to the Financial Mainstream and Ongoing Support to help them Achieve their Savings Goals

High school-age PYO students are eligible to sign up for SFP. To ensure their success, PYO:

- Engages the whole family-** PYO students, along with their parents, are invited to the SFP launch meeting. Here, they are introduced to the Program and LCCU and are asked to sign a contract acknowledging that earnings will be saved for post-secondary education and not used to fund family expenses. Additionally, PYO parents are invited to monthly parent nights where they can stay updated on their children's progress.
- Helps students secure and prepare for paid internships-** PYO partners with local businesses and non-profits to set up a number of summer and year-round internships. PYO acts as the administrator and fiscal sponsor for the internships. Before starting their internships, PYO students participate in an extensive, week-long professional development training that focuses on resume development, interview preparation, professional communication, conflict resolution, and stress management.
- Helps students develop and maintain a personal savings plan-** At the start of the Program, PYO students agree to direct at least 20% of their income to their savings account to be used for post-secondary education. Over the course of the program, PYO meets regularly with each student to review their progress towards their saving goal and discuss any challenges they may be experiencing.<sup>vi</sup>

## 2. Offer Customized, Noncustodial Accounts, Financial Education, and a Matching Grant that Builds Students' Financial Capability

To ensure PYO students succeed, LCCU:

- **Developed Customized Financial Products and Supports-** A youth noncustodial account allows PYO students to open and manage their own accounts (rather than having to use their parents'). This account includes a wide range of features, including online and mobile access, e-statements, and text alerts that give PYO students important hands-on experience. To ensure accessibility, all LCCU's noncustodial accounts are free of fees. Additionally, all of LCCU's front-facing staff is familiar with SFP and ready to provide additional support when PYO students visit the branch.
- **Offers Financial Education-** These workshops help PYO students learn how to develop a budget and use their LCCU financial products and accounts to reach their savings goals. Additionally, LCCU offers a financial education workshop to PYO parents to ensure that they are well positioned to support their children.
- **Offers a Savings Match-** To help them develop a culture of long-term planning and saving, PYO students are asked to set a \$325-savings goal. When PYO students meet this savings goal, they receive a \$175 savings match from LCCU and are able to open a higher interest yielding one-year CD.<sup>vii</sup> If students choose to withdraw their money, they are not eligible for the savings match.



## Program Results: A Promising Model and a Bright Future

Overall, PYO students have made the most of the Saving for the Future Program. Graduates from the first two cohorts have taken advantage of the Program to build their long-term assets while developing the positive financial habits and behaviors that will equip them for long-term success.

	Cohort 1 (Since 8/2015)	Cohort 2 (Since 8/2016)	Total/Avg.*
Total participants	22	21	43
Total saved/current balance	\$26,139	\$13,230	\$39,369
Average saved per student	\$1,188	\$630	\$916
Number of students that met savings goal (\$325), received savings match (\$175), and opened 1-year CD	18	18	36
Number of students that renewed CD after maturation	8	TBD**	TBD
Number of students that maintained LCCU account open after end of SFP	21	21	42

\*Graduates from Cohort 1 have had two years to build their savings while students from Cohort 2 have had one year

\*\*Cohort 2's initial CD has not yet matured

Results from the Program's first two cohorts show that:

- A majority of SFP graduates met the Program's savings goals-** By the end of the Program, 36 of 43 PYO students met their savings goal, received the savings match, and opened a one-year CD.<sup>viii</sup> Additionally, eight of the 18 students from Cohort 1 renewed their CD for a second year.
- SFP graduates are building long-term assets-** SFP graduates from the first two cohorts have saved \$39,369 to date, an average of \$916 per student. This average almost doubles the \$500 savings figure cited in the research as an indicator for future post-secondary success.
- Students are developing their financial capability-** Before starting SFP, most PYO students are unbanked and most come from communities that frequently operate outside the financial mainstream and use alternative financial products, such as expensive check cashers. Since graduating from the Program, 42 of 43 PYO students have kept their LCCU accounts open and most have continued to grow their savings and use LCCU products and services such as their debit cards and the online and mobile portals.

*I never thought I'd be able to save as much as I did. I had never thought about saving for college before PYO and LCCU. It's really empowering to set a high goal and exceed that goals*

Keonna B, SFP Graduate

## Key Factors for Success

The ongoing success of SFP is the result of several key factors related to its design and implementation as well as the unique characteristics of the PYO-LCCU partnership. These factors should be considered by other organizations looking to incorporate asset building and financial capability into their youth employment programs.

### Program Design and Implementation

- **PYO designed a program that draws on the best practices from the literature while addressing the unique and local needs of its students.**
- **LCCU developed a noncustodial youth account to ensure PYO students can develop their financial capability through hands-on experience.**
- **PYO and LCCU offered students ongoing, personalized supports to ensure that their entry into the financial mainstream was a positive and empowering experience.**
- **PYO parents and guardians are engaged early and often to ensure buy-in and support.**

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*In order to set young people up for success, we must take a case management approach, considering the unique needs and priorities of each student*

Adam Barnard, PYO Director of Programs

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### Partner and Partnership Characteristics

- **As a high-touch, multi-year youth empowerment organization, PYO provides a safe space for students to bridge their opportunity gap.** PYO provides its students with a broad range of high-touch and personalized supports to help them access and optimize economic and educational opportunities. Over time, PYO and its students develop a strong bond built on trust and respect. By the time they join SFP, most PYO students are ready to follow the guidance that the PYO and LCCU staff offer.
- **As a not-for-profit, community oriented, and bilingual credit union, LCCU provides a safe and accessible entry into the financial mainstream for PYO students and their families.** As LCCU members, PYO students can access ethical, customized products and personalized supports designed to empower, not profit from them.
- **PYO and LCCU are bound by a common goal to empower undeserved communities to build intergenerational wealth.** Youth development programs are inherently intricate and complex. PYO and LCCU's common approach to community empowerment helped them establish mutual trust and respect early on and has remained an essential pillar as SFP has evolved.
- **PYO and LCCU have invested significant staff and programmatic resources.** From the onset of the partnership, each partner recognized that the design and implementation of SFP would be time and resource-intensive. Each partner assigned a staff person to act as the Program's manager. Over time, this person has developed the subject area expertise necessary to address and streamline issues as they arise.
- **PYO and LCCU maintain open communication and remain flexible and responsive.** By maintaining an open channel of communication, PYO and LCCU can make necessary adjustments to the Program in real-time, respond to specific student needs, and learn together along the way. At the start of the Program, each student enters into a confidentiality agreement with PYO and LCCU that allows LCCU to share the student's balance and account usage information with PYO. In turn, PYO can provide its students with individualized support as they work towards their savings goals.

## Conclusion

The early and impressive results of the Saving for the Future Program suggest that a youth employment program with a focus on financial capability and asset building can help young people develop a banking mindset and establish post-secondary expectations. With support from SFP, Durham youth are entering the financial mainstream in a safe and empowering space, building their long-term assets, and developing positive financial habits and behaviors essential to achieving their post-secondary goals.

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<sup>i</sup> Assets and Education Initiative. (2013). Building Expectations, Delivering Results: Asset-Based Financial Aid and the Future of Higher Education. In W. Elliott (Ed.), Biannual report on the assets and education field. Lawrence, KS: Assets and Education Initiative (AEDI).

<sup>ii</sup> Center for Financial Inclusion. (2013). Enabling Financial Capability along the Road to Financial Inclusion.

<sup>iii</sup> National League of Cities. (2016). Youth Employment and Financial Capability: A Municipal Action Guide.

<sup>iv</sup> Assets and Education Initiative. (2013). Building Expectations, Delivering Results: Asset-Based Financial Aid and the Future of Higher Education. In W. Elliott (Ed.), Biannual report on the assets and education field. Lawrence, KS: Assets and Education Initiative (AEDI).

<sup>v</sup> Campaign for Every Kid's Future (2017). Retrieved from; <http://savingsforkids.org/faqs-basics>

<sup>vi</sup> This type of personalized and time-intensive support was made possible by funding from Square 1 Bank, a division of Pacific Western Bank.

<sup>vii</sup> During the first year of SFP, funding for the savings match was provided by the Rose Foundation for Communities and the Environment. During the second year, funding was provided by Square 1 Bank, a division of Pacific Western Bank.

<sup>viii</sup> While the Program required students save 20% of their earnings, at the start of the Program, the average personal savings goal set by PYO students was 44%.



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