



RICHARD MYLES JOHNSON

F O U N D A T I O N

BUILDING LEADERS & FINANCIALLY SOUND CONSUMERS

2010 Beacon Youth Financial Education Award

Nomination Form

*The Beacon Award recognizes individuals, credit unions,
and other organizations making a difference in their community
with outreach efforts focused on youth financial literacy.*



Individual Entry



Organization Entry

CREDIT UNION / ORGANIZATION NOMINEE

Credit Union/Organization: Meriwest Credit Union

CEO: Christopher Owen

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Submitted by (if different from nominee):

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Entry Deadline: *September 15, 2010*

Please answer the following questions, limiting your answers to a maximum of 300 words for each question:

1. Who was the target audience for this project and how many individuals did the project reach (with evidence of results)?

The primary target audience for our Reality Based Budget workshop is teenagers, aged 13-19. We focus these materials on the 7th thru 12th grade and also on recent college bound high school graduates. We invited parents to join their teens in our Reality Based Budget workshops. This gave them the opportunity to have an entirely new conversation together about money and how it is managed.

The Credit Management and Checking workshops are focused on young people preparing for adult life, high school juniors and seniors. Our purpose in focusing on this demographic was to give them information they can use regarding credit, predatory lending, opening a first checking account, and identity theft. We felt that if we outreached to them early, before they had the chance to make financial mistakes, we could save them heartache and disappointment when dealing with financial services in the real world.

We have accessed our target audience through middle and high schools, club organizations, trade schools, youth oriented non-profit agencies, and through our own membership. We have used a variety of media to get the message out. To reach our targeted demographic, we used email, web advertising, the Meriwest Messenger (our eNewsletter), and the recommendation of teachers in the schools and the program managers at the agencies where the programs have been presented, to help get the word out to their students and clients with flyers.

IN 2010 we presented to over 1,475 young people in our workshops; this is more than a 200% increase over last year's youth education results. A spreadsheet documenting the dates, locations, and numbers of attendees in our workshops is included in the supporting documentation.

2. What is the greatest benefit of your financial literacy project?

There were a number of benefits derived from the financial education program we presented to the students. The young people trained in our workshops are gaining financial management skills they will use for the rest of their lives. The practical application of our budget and credit training is evident to the students we have in our classes. We are exposing youth to the reality of financial obligations and management, providing for a better understanding of future financial needs.

Another important benefit we found in our in-house Budget Workshop was the communication our workshops started between parents and teenagers. Teens in our budget workshops were encouraged to work with their parents to develop their budgets. As the parents would pay the family's bills, they knew the cost of gas and electricity, the cell phone bill, and the price of groceries, etc. As our teens worked their way through their budgets, we started to see some disconcerting looks on their faces. The struggle to reconcile the cost of savings, rent, food, cable, cell phone, gasoline and car insurance with the desire to have fun with their money gave way to many realizations. The legendary phrase, "living within your means" suddenly had meaning. One has to structure their budget according to their pay. There was no Mom and Dad "back up" in the future scenario we used as an example in our workshops.

3. What was unique and/or innovative about this project?

In Reality Based Budgets we place the student in the shoes of an adult regarding the issues of financial responsibility. The program is based on the scenario of a 22 year old college graduate becoming self reliant financially. We take the students through an odyssey of setting up their post-college savings program, renting their own apartment, selecting and financing a car, and establishing a budget that provided for their regular savings deposit and other needs.

In 2009, we introduced additional "Reality Based" student workshops on managing credit and long term investment. Each of these workshops is based in today's reality. What they learn today can actually be applied immediately. As students go through the workshops, they learn that fairness is not the rule in the real world. If your stock goes down in value you don't get a "do-over." If you fail to budget for a necessity, you must take from another category, Mom and Dad don't make up your deficits. If you don't maintain a savings account, you will be ill prepared for an emergency. As an adult, you must live with the consequences of your decisions.

Many of the parents who have attended our workshops with their kids tell us how their teenagers had many preconceived notions about life as an adult. In this workshop they had a rude awakening with regard to managing their personal post college budget. Costs associated with everyday living and expenses conflicted with the idea of "disposable income". Decisions were required that many students found daunting or were unprepared to make. In virtually all of our budget workshops, our students were more inclined to make personal sacrifices to save money rather than take from their savings. This made us very proud and surprised a number of our teens' parents!

The final innovative key to our Youth/Gen Y "Financial Education" for All Strategy was the Meriwest Credit Union Flow Account and Debit Card. The Flow Account is a transaction account that encourages young people to exercise financial freedom and responsibility. The account features a VISA Debit card with free

online banking; allowing kids to spend their money and track their balances and transactions using their computer or smart phone. Parents and young people manage the account together. The account is shared with a parent who can set email alerts, so if balances reach a certain level or purchases are over certain cost limits, the parents are alerted and can immediately address it with their child. Since making the Flow Account available on Dec. 7th 2009, Meriwest Credit Union has opened over 800 accounts.

4. How was the project communicated and/or presented to reach the target audience (i.e. medium used and forms of communication)?

The youth education materials were designed with a current day teen appeal in mind. We utilized teen lifestyle imagery and an exciting use of color to bring attention to the materials. We created additional materials for the parents of our students providing them with information on creating youth Flow Accounts.

We built the youth curriculum and the presentation materials around the young adults with whom we would be working. We kept it at an understandable level to keep it applicable to our audience. It is important that people learn finance, it is equally important they learn the proper terminology when dealing with the various aspects of money and credit. We gave our students glossaries and financial “Tip Sheets” that reflected what was presented in the classes. Copies of the Powerpoint presentations are always provided to our attendees. Copies of all materials are included with this application.

We presented the workshops both at our main office and in local schools. We developed relationships with teachers and school administrators to expand the program’s reach to a large number of students.

One of the most important aspects of the presentations is the energy with which it is presented. Young people can “zone out” and be disinterested from the beginning with some presenters. The presenter must be able to engage the students from the very beginning. Presenters must involve the students in each part of the program; constant interaction is important to the success of each workshop. Presenters engage the students with simple questions that the students can relate to. “How much is your cellphone each month?” “How much will it cost to eat at home instead of eating out?” “When you drive, how much gas will you use on a weekly basis?” Once presented with situations that are relative to everyday occurrences, students relate better and offer interesting and unique methods of saving money or managing expenses. At that point, the presenter often becomes a referee between students opposing views and helps to identify which approach may be the best use for their money or arbitrate the costs of budget items, creating a more interactive environment in the class.

5. Outline of the Project and/or Curriculum: Teen Reality Based Budget

1. The situation is as follows:
 - i. They have a 4 year degree
 - ii. They are moving to a city similar to the one they live in now and must find an apartment. No one lives at home.

- iii. They have a job and will have a salary of \$45K per annum.
 1. \$3,750 Per month gross
 2. \$2,500 net after taxes and benefits
- iv. They have \$7,500 in savings.
 1. Using the savings, the students must rent an apartment. They will use \$2,000 for the deposit.
 2. They must furnish the apartment. \$1,250 will be budgeted for living room (\$500), kitchen (\$250), and bedroom (\$500) furniture costs.
 - a. Students do not have to use the entire budgeted amount. They can skip a kitchen table or nightstand if they wish to save money in their savings.
 3. They must purchase a car. Information on various cars and payment options will be provided in the student handout. Each loan is based upon a \$4,000 down payment. See student handout for details on the car deals.
 4. In building their budget, they must start replenishing the savings account. **This is the #1 goal.**
2. The presenter will review and suggest various budget items and students will suggest budget dollar amounts for each item.
3. As a group, the students will then be required to come to a consensus on items or services that could be reduced or eliminated from the budget.
4. When the budget is completed the students will be asked **how long it will take at the current savings rate to get back to the \$7,500 level at which they started?** What if you got a 10% raise next year? How much would you increase the amount going to your savings?
 - i. Now that they have their car and furniture, what else might they be saving for now?
 - ii. If the students are saving or could start saving now, what would they save for?

Auto Finance 101-Ready, Set, GO!

1. Get ready for your car purchase.
 - a. Know your budget
 - b. Know your credit standing
 - c. Save for a down payment
2. Get set to do your research on your car and your purchase
 - a. Research vehicles in your price range
 - b. Shop for your financing
 - c. Lease or Buy?
 - d. Review these factors for a final decision on the type of vehicle to buy and financing.
3. Go to the dealer and make your deal

- a. Negotiate your price and your financing
- b. Complete the credit application
- c. Optional products?
 - i. GAP Insurance
 - ii. Extended Service Contracts
- d. Read your contract before signing

Long Term Investment for Youth

- 1. Savings vs. Investing
- 2. Define Savings
 - a. Short Term
 - b. Like a parking lot
 - c. Insured Deposits
- 3. Why do we save?
 - a. Wants vs. Needs
 - b. Future purchases
- 4. Investing
 - a. Long Term-More like a storage unit-more difficult to get to.
 - b. Higher Risk
 - c. Higher Reward?
- 5. Types of Investments
- 6. Time and Investments
 - a. The History of the S&P 500
- 7. Diversification limits risk
 - a. Stocks
 - b. Bonds
 - c. Money Markets