“

Having a bank in the school has helped a lot. Students are thinking about finances more.”

– Deb Goodman,
Thomas Jefferson High School,
a Treynor State Bank Partner

2. Lessons from the Youth Savings Pilot

Twenty-one banks participated in the FDIC's Youth Savings Pilot for the 2015–16 school year. From the experiences of these 21 banks, the FDIC has drawn valuable lessons about approaches and strategies.

Designing a Youth Savings Program

The youth savings programs in the pilot vary significantly, reflecting the characteristics of the communities; the objectives of the banks, schools, and nonprofit partners involved; and other factors. At a basic level, all of the youth savings programs in the pilot were built around one of three basic models.

Model 1: School-Based Branches

In this model, **a bank opens a permanent branch on school premises**. There is generally a memorandum of understanding (MOU) between the bank and the school district that outlines details such as the location of the branch, how the space will be built out, security set-up, hours of operation, and staffing. Through the on-site branch, students receive financial education, are encouraged to open savings accounts, and are motivated to actively save throughout the academic year. This model is most commonly seen in high schools, where older students who may have jobs can benefit from regular, convenient access to banking services. First Metro Bank, for example, has opened two bank branches at local high schools. At the school-based bank branches, students can open checking and savings accounts and make deposits and withdrawals. The branches are staffed by student tellers who are in eleventh or twelfth grade. These students apply and interview for the position and then receive training from the bank.

Typically, the branch is managed by an experienced bank employee, with student bankers serving as customer service representatives. These student bankers may take a lead role in providing financial education to their peers. Most of these branches are fully connected to the bank's data processing systems, which eliminates the need to take deposit tickets to another branch for processing at the end of the day.

Model 2: In-School Banking

In this model, **a bank sets up an in-school bank in a common area of the school on specific days at designated times**. These temporary in-school banks are often set up in the school cafeteria, gym, library, or an unused classroom on specifically designated "banking days." These banking days offer an opportunity for teachers to integrate financial education into the curriculum, expose students to common banking services and transactions, and encourage them to open and add to a savings account throughout the academic year. Model 2 is more commonly used in

Student-Staffed Bank Branch in Operation

schools with younger children—those in kindergarten through sixth grade. Typically, the bank works with the school to send information about the program home with students at the beginning of the school year.[9]

As an example, Athol Savings Bank holds a weekly banking day in the cafeteria or other common space at five area elementary schools. Bank staff, working with school administrators, identifies students to take on the role of student teller/banker to operate the in-school bank, take student deposits, and provide valuable peer-to-peer financial education. Parents and other volunteers transfer deposits between the school and bank branch. Similarly, WesBanco Bank offers banking days on a monthly basis to elementary school students, with bank staff visiting the school to pick up student deposits.

One variation within Model 2 programs is the role of students in the deposit process. For example, bank staff collect student deposits in some programs, while designated students do so in other programs. In some instances, student tellers record transactions manually, balance their cash drawers, and give the cash and records to bank staff overseeing the process at the end of each "banking day." In other programs, bank staff process transactions at the branch and return the official bank deposit slips to the school for distribution to the students.

[9] Programs designed around Model 1 and Model 2 typically also allow students to access their accounts at regular bank branches.

Banking Day at an Elementary School

Model 3: Encourage Students to Open Accounts at Local Bank Branches

In this model, **a bank collaborates with schools or nonprofit partners to provide financial education to students (and possibly parents) and encourage them to open savings accounts at a local bank branch.** For instance, Bank of Hawaii partnered with Hawaiian Community Assets, Inc., a non-profit organization contracted by the University of Hawaii to work with a group of students over several years to help prepare them for postsecondary education. The bank provides those students with access to savings accounts. The bank also periodically provides interested students transportation from their school to the nearest branch. Hawaiian Community Assets provides the students with age-appropriate, place-based financial education and arranges financial education events for the students' parents to encourage them to open noncustodial accounts.

First Bank of Highland Park works with a school to provide financial education to students throughout the school year. Bank staff meet with student bankers and their classes up to seven times a year. Unlike other programs that interview applicants for student banker positions, student council members are designated as student bankers. Bank staff teach the student bankers the FDIC's Money Smart curriculum. In turn, the student bankers assist bank staff in delivering the curriculum to the entire class, generally the following week. The bank encourages students, as well as their parents, to visit a branch to open a savings account. The bank sponsors events, often in connection with holidays such as Halloween and Valentine's Day, and at the end of the school year. These events help students and their parents become comfortable with going, something they may be doing together for the first

Banker Talks about Savings in a Classroom

time. During these events, the bank teaches families about deposit accounts that are specifically designed for minors. At the end of the year, students complete a "wants versus needs" capstone project, and go on a bank tour where those projects are put on display. Throughout the year, the bank sends information home with the students to let parents know about their student savings program. In April of each year, the bank provides a $25 bonus deposit when parents open custodial accounts for their children.

Banks considered several factors before selecting a program model

Pilot banks considered many factors when deciding which model to adopt, including strategic goals, available resources, and logistics. **Figure 1** examines key advantages, disadvantages, and challenges associated with each model.

Most banks in the pilot designed their programs as a combination of financial education and in-school banking using Model 1: School-Based Branch or Model 2: In-School Banking. As illustrated in **Figure 2**, 24 percent of participating banks used Model 1, establishing a school-based branch to provide services to students, and 38 percent used Model 2, which employs periodic "banking days" to familiarize students with bank services and operations. Another 38 percent of participating banks opted for Model 3, which encourages students to become familiar with and use nearby bank branches.

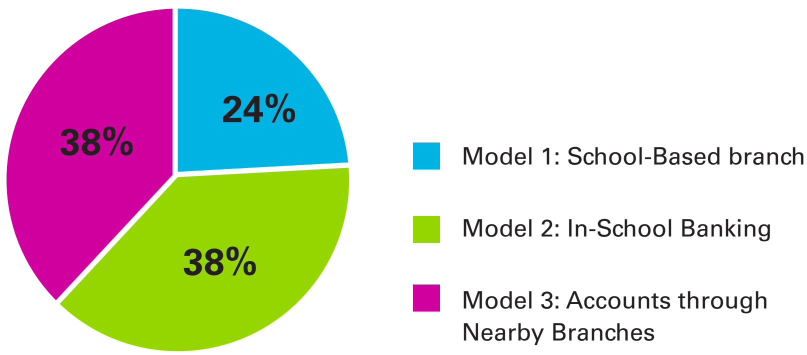
Model 1: School-Based Branch
Model 2: In-School Banking
Model 3: Accounts Through Nearby Branches

Figure 1. Comparison of Youth Saving Program Models

		Model 1: School-Based Branch	Model 2: In-School Banking	Model 3: Accounts Through Nearby Branches
ADVANTAGES:	Easy access for students to conduct banking	●	●	
	Strong visibility	●		
	Allows potential involvement of students as tellers or volunteers	●	●	
	Student tellers can provide peer-to-peer financial education	●	●	
	Account activities may also be offered to adults at the school	●		
	Student tellers can be recruited for post-graduation employment	●		
	May not require a branch application[10]	●	●	
	Process of collecting and tracking in-school deposits can be simplified		●	
	Provides an age-appropriate banking experience	●	●	
	Simplest model to implement since no in-school account program is developed			●
	Lowest burden on school or nonprofit partners in terms of program investment			●
	Parents or guardians are likely to be directly involved in student savings activities			●
	No transition of accounts necessary as students move between grades or school levels			●
	Flexibility to work through a nonprofit with an existing school relationship			●
DISADVANTAGES:	Need to integrate school branch with bank's IT systems	●		
	Staffing and maintenance of branch can be time-consuming for bank staff	●		
	Requires longer-term commitment	●		
	Requires that a school partner provide consistent space for banking activities		●	
	Account activities are likely limited to students at the school		●	
	Less convenient for students to open, make deposits, and maintain accounts			●
	Potentially less interaction between students and bank staff			●
	Less direct experiential component to financial education provided in schools			●
POTENTIAL CHALLENGES:	Developing and maintaining security at school location (e.g., have a safe on site)	●		
	Ensuring sustainability of accounts as students "graduate" from programs at school	●	●	
	Logistical challenge of transporting deposits between school and branch	●	●	
	Encouraging students to go to bank branches to open accounts outside of school hours			●

[10] See 12 CFR 202.46 and 73 FR 35337 (June 3, 2008) for more information about circumstances under which a branch application may not be required. Financial institutions may also find helpful a resource on state-specific laws and resources pertaining to youth banking from the Conference of State Bank Supervisors (facts.csbs.org).

Figure 2. Models Employed by Youth Savings Pilot Programs (n=21)



Some banks used more than one model, depending on the age of the students. For example, First Metro Bank offers financial education in the classroom and sets up an in-school bank branch at a high school (Model 1). For fourth graders, the bank offers financial education in the classroom and encourages students to open accounts at the local bank branch (Model 3).

Banks found value in combining in-school banking with financial education

Most banks whose programs combined financial education with an in-school presence (i.e., Model 1: School-Based Branch or Model 2: In-School Banking) said that this dual design was important to the program's success. Advantages of this design include:

Increased availability and convenience for students. For instance, during the 2015–16 school year, Treynor State Bank operated a branch at Thomas Jefferson High School four days a week during the lunch period and set up an ATM so students could withdraw funds. The branch was staffed by a bank employee and student tellers who each worked about 10 hours a week. A teacher at the high school noted that, "Having a bank in the school has helped a lot. Students are thinking about finances more."

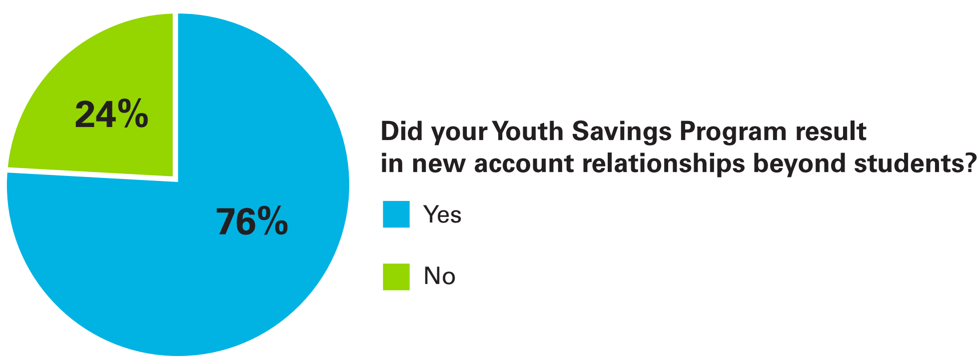
Consistent exposure to a bank encourages saving habits. According to Passumpsic Savings Bank and their nonprofit partner, AHEAD, having a bank presence in the school has been vital. By having a common area dedicated to banking activity at the school once a week during lunch time, the bank has helped students develop a habit of saving. Banks also noted that students who used in-school banking and received prizes for their saving behavior were a positive influence on their peers, encouraging them to do the same.

Giving students the opportunity to work as bankers/tellers on-site can provide important peer-to-peer learning opportunities. During the 2015–16 school year, Capital One operated four student-run bank branches in high schools in low- and moderate-income areas: two campuses in New York City (the Bronx and Harlem); one in Newark, NJ; and one in Riverdale, MD. These branches are staffed by students, who are often able to provide financial education to their peers. Continuing a tradition from previous years, the bank hires high school seniors for teller positions at the student-run bank branches at the end of the student's junior year. The student bankers train at traditional branches over the summer to prepare for work at their high school branch. Student bankers in good academic standing are able to work in traditional branches during the holidays and on weekends.

Youth savings programs often result in new account relationships with adults

Figure 3 shows that 16 pilot banks (76 percent) said that their youth savings programs resulted in new relationships with accountholders other than students, primarily parents. In addition to opening new accounts for parents, Fidelity Bank said that its program also resulted in new accounts for school employees.

Figure 3. New Account Relationships Beyond Students (n=21)



Designating student tellers for in-school banking can benefit all students

Banks that trained students to serve as tellers for banking at school programs (i.e., Model 1: School-Based Branch or Model 2: In-School Banking) observed benefits for both the student tellers and their peers.

- **Student tellers**. Many students benefited from serving as a banker or teller through their school's program. Kim Drudi of Athol Savings Bank reports: "We have had teachers and administrators of the schools mention how a particular student may have been extremely shy at the start of the school year, and [in] their interaction with the other student tellers and students participating in the program. But, by the end of the school year, the student is more outgoing and has gained confidence. Also, we have had teachers and administrators mention how a student's leadership skills have improved by participating. This is in addition to the money management skills they have learned." In some cases, student tellers also received preparation for a career in banking.

- **Other students**. These students benefited because student tellers can be effective financial educators both in a classroom setting and in informal interactions with other students. This is because students are often able to present financial education in a way that is understandable and engaging for other students.

Treynor State Bank used its high school student tellers to staff in-school banks in middle school programs, and has helped student tellers prepare for careers in banking. Some banks (e.g., Bank of Hawaii and Capital One) have gone on to hire high school alumni for roles in traditional branches and to explain the products and services available at the bank to current students.

> **"By the end of the school year, the student is more outgoing and has gained confidence."**
>
> – Kim Drudi,
> Athol Savings Bank

Banks developed and delivered a substantial amount of training to prepare student tellers for their role. As an example, First Metro Bank conducted 18 hours of training for its high school student tellers over the summer of 2015 in preparation for the 2015–16 school year. The training stressed not only financial literacy concepts and the mechanics of opening and servicing accounts, but also soft skills related to interpersonal communication and professionalism in the workplace. The bank found role-playing to be an effective method of training student tellers.

Pilot banks reported children gaining confidence and making more effective decisions thanks to their roles as bankers or tellers in the program. Basic math and communication skills are needed, but students can succeed in the role even if they are not "star students," according to Jodi Kirby, a teacher at Baldwinville Elementary School in Massachusetts. Mike Foley, of Reading Cooperative Bank, noticed that some struggling students thrive at the in-school bank, with noticeable changes to their behavior and concentration, self-esteem, and even academic performance. Because students like working at the bank, it can be effective to tie work hours to good grades.

Initiating and Sustaining Partnerships

Regardless of which model they used for their youth savings programs, pilot banks consistently found a correlation between success of the program and the strength of the partnerships they had with schools and nonprofit organizations. Several important lessons emerged from the pilot about how to build and sustain these partnerships.

Banks often leverage existing community relationships to build programs

As prominent members of their communities, many participating banks had existing connections to school administrators, individual teachers, or nonprofit organizations. In some cases, banks were able to use these existing relationships to initiate discussions about youth savings partnerships. For example, First Bank of Highland Park partnered with one of its existing customers—a local private elementary school—to create its youth savings program. Having an existing relationship made it easier for the bank to reach out to the school; and in turn, easier for the school to make a decision about participating in the youth savings program.

Several banks also noted that relationships between schools had helped them expand their programs. Once a youth savings program had been successfully implemented at one school, several banks reported that they received invitations to bring their programs to other schools or school districts. For example, Treynor State Bank first offered its in-school banking program at a single elementary school in 2010. The following year, the bank was invited by a neighboring school district to provide a youth savings program at a local high school level. Today, the bank operates five banking at school programs: three at elementary schools, one at a middle school, and one at a high school.

Program "champions" are critical to program success

When asked what advice they would give to other banks that are interested in starting youth savings programs, Capital One responded that banks should ensure that there is a "champion" for the program at each participating school. The bank defined a "champion" as a teacher or administrator within a school who takes ownership of the program to ensure that the school "accomplishes required tasks" that are necessary for the program to operate.

Champions typically performed several functions, including:

- Advocating for the program's adoption (and continuation from year to year), including articulating the value of youth savings to school and school system leadership,
- Helping with scheduling and other program logistics at the school level, soliciting any necessary approvals from school or district administrators,
- Building enthusiasm for the initiative among the rest of the faculty, and
- Taking responsibility for ensuring that the school contributes the necessary resources to make youth savings work, such as arranging for dedicated space for school banking and arranging for banks to make presentations to parents during back-to-school nights.

Because of the amount of work necessary, several banks noted that successful champions are personally committed to financial education and have a strong belief in its importance. They also are willing to put in extra time and effort because they typically are not compensated for their work on behalf of the youth savings program.

At least one bank noted that when turnover at a partner school led to the loss of a champion, the bank sometimes found it difficult to complete the program as planned at that school. Other banks agreed—for example, PNC Bank said that the departure of a champion threatened the continuation of its program within certain schools. Recognizing this, banks are encouraged to cultivate multiple champions within a given school as a way to mitigate the risk of an unexpected departure.

Several banks emphasized the importance of sustaining and cultivating relationships with champions over time by staying in communication and being responsive to their requests and needs. Because of the amount of time and effort that champions devote to youth savings programs, it is important that they feel valued and supported.

Strong partnerships are particularly important for banks offering accounts in schools

While all banks indicated that the success of their programs depended on their partnerships with schools and nonprofit organizations, schools that offered in-school banking for students noted that the involvement of partners is particularly important. For example, if banks are offering students the opportunity to open accounts and make deposits during school hours, the school must be willing to make space available in the school and give students time for those activities (Model 2: In-School Banking). For banks using Model 1: School-Based Branch, long-term commitment from school leadership is even more important because of the investments that model requires in terms of space and staffing.

Banks benefit from understanding how potential partners make program decisions

To build successful partnerships, numerous banks said that it is important to understand the internal decision-making structures of potential partner organizations, including determining who has the authority to make program decisions. For example, some public schools do not have the authority to agree to youth savings partnerships on their own and are required to get district-level approval of any programs that involve offering accounts to students.

In these situations, banks can consider how to facilitate that approval process. Reading Cooperative Bank, for example, prepared a detailed written summary of its proposed youth savings program and shared the document with schools it sought to engage. Schools then were able to use that summary when reaching out to their district offices for approval. Beneficial Bank noted that private schools generally have a more streamlined process for getting their programs approved because they typically do not have to have their decisions approved by a district office. For this reason, the bank has looked to partner with more private schools.

Clear communication and defined roles put partnerships on the path to success

Pilot banks said that having clear communication with, and defined roles among, partners was critical to the success of their programs. Like other aspects of partner relationships, communication is particularly important for banks that are offering school-based branches (Model 1: School-Based Branch) or in-school banking programs (Model 2: In-School Banking) because of the increased commitment these programs require from both banks and their school or nonprofit partners.

Specific strategies used by banks in the pilot included the following:

- **Detailed memoranda of understanding (MOUs) to articulate the role and responsibilities of the bank, school, and/or nonprofit partners**. MOUs between banks and schools should estimate the time that school personnel will need to commit in order for youth savings programs to succeed. Banks learned that setting clear expectations about time commitments upfront helps to ensure that schools meet their obligations, despite competing demands on their time.
- **Periodic briefings**. These discussions also provided opportunities to assess how programs were progressing and to clarify roles.
- **Ongoing communication from the onset of the program is also important**. It can minimize the potential for miscommunication and help partners avoid lost opportunities. Pilot banks learned that being in frequent contact helps not only to manage logistics effectively, but also to keep the overall purpose of the program in perspective.

- **Scheduling financial education lessons in the classroom was a challenge experienced by many banks, especially when it requires coordinating with several individual teachers.** Pre-scheduling the year's lessons at the start of the school year—or even during the summer break—emerged as a best practice related to this particular strategy.

Banks recognized and responded to schools' reservations about youth savings partnerships

While many schools are highly receptive to the idea of connecting students to savings accounts, several banks experienced reluctance when trying to establish partnerships with schools. Some schools were reluctant to encourage commercial activity in a public school setting. Others had rules or policies that prohibit for-profit companies from marketing products to students on campus, and were therefore hesitant to allow banks on-site to open accounts even within an educational program. When faced with this situation, Beneficial Bank devoted energy to helping school administrators and teachers understand the potential benefits to students of opening and managing a savings account.

Several banks noted that, to address schools' concerns about for-profit firms, it can be helpful to work through trusted nonprofit organizations that have an existing relationship with the schools. For example, Beneficial Bank partnered with a trusted nonprofit organization to integrate the bank's financial education program into the nonprofit's existing reading program in local schools. PNC Bank also said that it saw working with nonprofits as a way to engage public schools that are reluctant to partner directly with banks. These partnerships can reassure schools about a bank's intentions, and emphasize that the program is intended to provide value to the students and their community.

Banks also may be able to alleviate concerns through the types of accounts that they offer. As an example, Treynor State Bank initially encountered some resistance from its school partner about opening student accounts. The bank decided to offer custodial accounts at the elementary and middle schools with the school serving as the custodian, rather than noncustodial accounts, which seemed to ease the school's concerns about inviting a for-profit organization onto its campus.

Banks also noted that some schools were reluctant to partner with one specific bank on a youth savings initiative because they did not want to show favoritism to a particular bank. These schools were comfortable with an educational program that encouraged students to open accounts, but were concerned about appearing to promote one bank's products over another's or to allowing one bank to have a monopoly on students' business. One potential solution to this challenge is for banks to emphasize that the objective of their program is to encourage positive savings behavior, not to increase their customer base.

Bankers develop strong relationships with partners and students

Banks found that reaching school partners early—during the summer or early in the school year—made joint planning possible

Several banks commented that the summer can be a good time to engage school partners in planning. For example, First Metro Bank found that outreach to teachers over the summer, rather than during the school year, led to stronger engagement by teachers in its youth savings program. The bank found that teachers had more time and energy to collaborate during the summer. In addition, it is easier to integrate financial education into the curriculum at this point, because teachers are developing their lesson plans for the year.

Caldwell Bank & Trust Company also emphasized the importance of reaching school partners early. Bank staff met with a principal from a partner school over the summer to get advance notice of who would be teaching in the fall, and then contacted the teachers to get them on board and begin planning. Toward the end of the year, the bank also held a party for teachers to show its appreciation of their efforts.

Banks can start or strengthen partnerships with schools by getting involved in other ways

Dora Brown of International Bank of Commerce advised other banks to "show the school you are interested in their success overall." Bank personnel can attend school functions, such as athletic games. Banks can also ask teachers what supplies they need, and help provide needed supplies. Lisa Osborne of Athol Savings Bank noted that banks that are involved in community service can offer opportunities for students to fulfill their community service requirements.

Choosing What Type of Accounts to Offer

Pilot participants offered student accounts with features tailored to their needs

Accounts offered through pilot partnerships aligned with student needs. At a minimum, all banks offered students access to a savings account. Some also offered students transactional accounts. Treynor State Bank, for example, offered high school students noncustodial checkless checking accounts (in addition to savings accounts) that students managed through an school-based bank branch and ATM.

The accounts offered by participating banks were low-cost accounts, consistent with the core principles and features of the FDIC's Model Safe Account Template.[11] In particular, savings accounts offered by pilot banks featured:

- **Low opening balance**. No bank reported requiring a minimum opening balance higher than $5. Fidelity Bank allowed students to open a savings account with a minimum deposit of $1.
- **Low or no minimum monthly balance**. No bank reported requiring a minimum monthly balance higher than $5. The Huntington National Bank had no minimum monthly balance requirements for its youth savings program accounts.
- **No fees**. No bank reported charging fees on youth savings accounts.

For their youth savings programs, most banks used savings accounts already being offered for children. One exception was Southwest Capital Bank, which created individual development accounts (IDAs) for its program. IDAs accept matching funds, and funds in the account can be withdrawn only for specific purposes such as post-secondary education.

[11] The FDIC's Model Safe Accounts Pilot developed a template to provide insured institutions with guidelines for offering cost-effective transaction and savings accounts that are safe and affordable for consumers. The study and template are available at https://www.fdic.gov/consumers/template/.

Pilot participants used three types of ownership structures for youth savings accounts

Pilot banks typically offered accounts to students structured in one of the following ways:

1) **Noncustodial accounts**. In this model, the student (i.e., the minor) is the bank's depositor and there are no custodians or co-owners on the account. Noncustodial accounts were most commonly offered to high school students. (Some noncustodial accounts do require a parent or guardian to provide consent to the school allowing their minor children to participate in certain aspects of the school banking program.)

   Noncustodial accounts can present a strong learning opportunity because students have full responsibility for decisions and transactions involving the account. These accounts may offer banks the opportunity to provide ongoing, periodic education to students on topics such as withdrawal limitations from a savings account. Fidelity Bank chose noncustodial accounts in order to create for students a sense of independence, and to help build their confidence in managing their money.

   Banks that are considering offering noncustodial accounts to students should be aware of any state-specific laws relating to youth banking.[12]

2) **Custodial accounts, with a parent/guardian/other adult as custodian**.[13] In this model, banks offered accounts to minors and required an adult (usually a parent or guardian) to be the custodian on the account. The custodian manages the funds[14] in the account for the benefit of the minor until the minor reaches the age of majority as defined by state law.[15] For example, WesBanco Bank opened custodial accounts for students with parents as custodians. In this model, a minor generally can make deposits into the account without a custodian's permission, but needs the custodian's approval to make withdrawals from the account.

[12] The Conference of State Bank Supervisors (CSBS) has compiled a resource summarizing state laws and other resources pertaining to youth banking. See **facts.csbs.org** for more information.

[13] A variant on this approach is requiring the adult to be the joint owner on the account. In these circumstances, the minor shares ownership of the deposited funds with the joint owner.

[14] The funds in a custodial account are the property of the minor.

[15] Once the minor reaches the age of majority as defined by state law, the custodian is required to transfer the funds to the minor, and the minor is then free to use the funds without obtaining the permission of the guardian.

Pilot banks were more likely to offer custodial accounts to younger children. One advantage of using custodial accounts is that they can increase parents' engagement in the program because they are required to play an active role in the account process. In some cases, pilot banks chose to offer these accounts because state laws were silent on whether minors can hold deposit accounts. When offering these accounts, banks should be aware of the requirements necessary for individual deposits to be eligible for deposit insurance coverage by the FDIC both upon opening the account and after funds enter the banking system.[16]

3) **Custodial (or other administrative) accounts, with a school or nonprofit partner as the custodian**. Pilot banks tended to use this approach when offering a savings product to minors who are saving for a restricted purpose (such as higher education). In other cases, banks offered this account to schools that wanted to maintain one account that could accept deposits from multiple students in a class throughout the school year.

   This account ownership structure—with the school as the custodian—was used most often by pilot banks in combination with programs that offered students the opportunity to open accounts and make deposits in school, but did not have a formal in-school branch (Model 2: In-School Banking).

   Banks offering custodial (or other administrative) accounts with a school or nonprofit partner as the custodian should ensure that accounts are properly titled as agency or fiduciary accounts (e.g. ABC as Custodian for Student Name) so that funds in the account are eligible for proper FDIC insurance coverage.[17]

Figure 4 compares these three types of account ownership structures.

[16] An overview of FDIC deposit insurance rules, and information on how to speak to an FDIC deposit insurance specialist to discuss a specific question, is available at **www.fdic.gov/deposits**.

[17] ibid.

Figure 4. Comparison of Account Ownership Structures

		Non-Custodial Accounts	Custodial Accounts, With Parent as Custodian	Custodial Accounts With School or Nonprofit Partner as Custodian
ADVANTAGES:	Students may feel a strong sense of ownership over the account	●		
	Funds may only be withdrawn by the account holder	●		
	The lack of need to verify the identity of an account custodian (e.g. parent) may expedite opening of accounts	●		
	By being responsible for all key aspects of the account, student learning opportunities are maximized	●		
	Engages parents in the program and offers banks an opportunity to improve their skills and knowledge as well		●	
	Avoids uncertainty if state laws are silent on whether minors can hold deposit accounts		●	
	Increased ability to monitor and restrict usage of account funds to ensure they are used for program purposes (e.g., college tuition)			●
	Flexibility to open school- or class-wide accounts with tracking of amounts attributable to individual students			●
	Flexibility to open accounts for all children under an “opt out” model			●
DISADVANTAGES:	Limited ability to restrict usage of account funds by students for a specific goal such as higher education	●		
	In some states, laws may not specifically permit minors to have non-custodial accounts	●		
	Requires collection of forms from parents for account opening		●	
	The potential educational value of the program can be minimized if parental engagement is not strong		●	
	Potential for parent use of the account funds for purposes other than those of the program		●	
	Accounts that restrict withdrawals for educational expenses may offer limited learning opportunities on normal account operation			●
	Students may need to open a second account for savings or other banking products if used to offer a shared class account, may make it difficult to maintain accounts when students transition between school years			●

Banks that offered custodial (or other administrative) accounts, with a school or nonprofit partner as the custodian, structured the accounts in different ways

Pilot banks typically designed their custodial accounts in one of two ways:

- **A single savings account with sub-accounts**. Structured this way, a custodian can use the account to administer funds for more than one minor. The technical setup of the account might be similar to that for the setup of an escrow or trust account.
- **A separate single custodial account for each child**. This approach also would be used when offering an IDA program to youth, particularly with IDA programs that receive federal funding. Passumpsic Savings Bank implements their program in partnership with AHEAD, a local nonprofit, which acts as custodian for the accounts, as well as the financial education provider. Despite the custodial nature of the accounts, Passumpsic Savings Bank and AHEAD stressed to their students (Grades 1–3) that the students "own" the accounts. To increase students' sense of ownership, Passumpsic Savings Bank created child-friendly bank statements.

Southwest Capital Bank partners with Prosperity Works, a nonprofit provider of IDAs throughout the state of New Mexico. Working with Prosperity Works, the bank adapted an IDA model, in which accountholder contributions are matched by the program. In this program, student deposits are matched by Prosperity Works up to $200 per year. As custodian, Having Prosperity Works ensures that students' deposits and match funds are used toward an eligible purchase related to post-secondary education.

In the KickStart to Career program administered by Hastings City Bank, an account is automatically opened for each student unless the family explicitly opts out of the program. For every account created, the bank's partner, The Barry Community Foundation, acts as custodian and contributes the opening deposit of $50. As a result of these program design choices, the bank opened approximately 700 accounts for students during the 2015–16 school year. The average account balance of $64.90 reported by the bank suggests that at least some accountholders made deposits beyond the opening deposit contributed by The Barry Community Foundation.

Treynor State Bank supports school-wide bank accounts for its middle and elementary school partners. Student balances are tracked in a ledger, which is updated whenever deposits are made, either in the school or at a branch. The bank considers the school-wide account model easy to scale when the program grows within the school or expands to new schools.

Banks that offered trust, custodial, or other administrative accounts held by a school or nonprofit partner as a "class account" noted that these accounts must be administered differently than other types of accounts. In particular, several banks said that the logistics of disbursing funds to students at year-end or when students leave a class can be challenging. One bank, Caldwell Bank & Trust Company opened an account for use by each class. The savings attributable to each student was tracked in a spreadsheet. The bank issued a check to each student at the end of the year to disburse the full value of the account. The bank noted, however, that a number of those checks go uncashed—an unforeseen challenge of this approach.

Banks' selection of an account ownership structure was driven by the goals of the program and state law

State law concerning ownership of accounts by minors was the primary driver of banks' decisions about which type of account to offer students. Banks in states that specifically permit minors to enter into a deposit account agreement with a bank generally offered noncustodial accounts because doing so eliminated the need to obtain a parent's permission and, as noted above, students often felt more control over these accounts, thereby enhancing their learning experience.

Taking into account state law, banks made decisions about which type of account to offer based on the goals and objectives of their specific programs. For example:

- **Role of parents in the savings experience**. Offering accounts for which parents act as custodians is one way to ensure that parents know about the accounts and are involved with their use. Accounts of this type can provide opportunities for parents and their children to explore financial concepts together, which is a goal of some youth savings programs. Conversely, some banks avoid placing parents in the role of account custodian because of concerns that parents would access the account balances and use them for purposes inconsistent with the goals of the programs. Custodial accounts, with nonprofit partners as custodians, are also an option.

- **Educational and confidence-building objectives**. As noted above, Fidelity Bank offered noncustodial accounts to give students the experience of having sole bank account ownership. For Fidelity Bank, that sense of ownership and independence was an important part of the youth savings learning experience they offered to students.

- **Intended uses of the savings and matching deposits**. Some youth savings accounts, particularly those offering significant matching funds or other incentives, are designed for long-term saving. For example, Southwest Capital Bank offers custodial savings accounts for which their nonprofit partner, Prosperity Works, is the custodian. Prosperity Works has control over withdrawals from the accounts, which helps ensure that funds are used for their intended purpose.

- **Parental concerns about sharing personal information**. Some pilot banks felt that parents might be reluctant to share information that would be necessary to establish a custodial account (e.g., a Social Security number, Individual Tax Identification Number, or other type of identification). In these situations, non-custodial accounts might be an option.

Some youth savings programs used different account types across schools and classrooms. For example, Treynor State Bank used custodial accounts for elementary and middle school students. For high school students, they offered noncustodial checking and savings accounts that students manage through an in-school bank branch and ATM. Student checking accountholders got debit cards, but no checks. The high school branch was open four days a week during the lunch period. The branch, staffed by a Treynor State Bank employee, took about 10 labor hours per week to run.

Banks encouraged account openings and savings behavior through monetary incentives

Approximately half of the bank programs offered monetary incentives to encourage students to open and use savings accounts. The most common incentive was deposits into students' accounts. Incentives offered by banks generally were tied to opening an account, completing financial education, achieving a certain account balance, or keeping funds in an account for a specified period of time.

Some examples of monetary incentives include the following:

- Montecito Bank & Trust offered each child a $50 incentive for opening an account (with a $5 deposit), and then a $25 incentive for keeping $50 or more in the account after 6 months. Montecito Bank & Trust funded the account-opening incentive through the contributions of a foundation partner; the bank itself funded the incentive for maintaining a balance.
- WesBanco Bank distributed bonus coupons good for a $10 deposit to the accounts of students that participated in financial education. The bank saw these coupons as valuable not only in promoting financial education, but also in building stronger community relationships.
- Southwest Capital Bank, with partner Prosperity Works, offered incentives for account openings and matched student deposits on a dollar-for-dollar basis up to $200 per year.
- Caldwell Bank & Trust Company and Commercial Bank offered higher interest rates on their student accounts relative to other savings accounts as an incentive for saving. Caldwell Bank & Trust Company opened a bank account for each class to use and rewarded students with non-monetary "collector's coins" when they made deposits.
- First Bank of Highland Park gave students coin collection books that they fill

with quarters to accumulate $5. Once full, the teller collects the $5 deposit and stamps the book. Once the student has ten stamps on the coin collection book, he or she gets a $10 bonus deposit.

Non-monetary incentives boosted student engagement

Especially among younger children, non-monetary incentives in the form of stickers, bookmarks, and other inexpensive handouts were often used to build excitement about financial education sessions and other program-related events. For example, International Bank of Commerce gave each child a piggy bank to use to collect funds for an opening deposit. Hastings City Bank, with partner The Barry Community Foundation, provided piggy banks and suggested to kindergarteners that they save fifty cents per week or per month. Students in Athol Savings Bank's program received stamps on their treasure maps when they made deposits, and a certain number of stamps led to a "treasure" in the form of a toy. They also held a raffle tied to savings, giving students a raffle ticket each time they made a deposit.

During International Bank of Commerce's financial education events, students can earn play money that they can use to purchase things like snacks and pencils.

Commercial Bank held annual pizza parties for students that had opened accounts. The bank also asked local businesses that were supportive of the county-wide program for vouchers—good for a free pizza or ice cream, for example—to distribute to students as incentives. During the 2015–16 school year three business partners donated vouchers valued at $450.

Accounts that included mobile banking were well-received by students

Another account feature that is becoming increasingly important to adult bank customers could appeal to students as well—mobile banking. For example, the accounts offered by Capital One to high school students could be accessed online and through a free downloadable app. The bank said that students valued the ability to track their accounts online, and believes that the mobile banking feature led more students to open and retain accounts. Capital One's student bankers helped other students conduct transactions online and on mobile devices.

Reading Cooperative Bank also found technology to be critical to maintaining banking relationships with high school students after they graduate from school. Bank educators encourage graduating students to use the bank's mobile app to manage their accounts. The bank learned that the mobile remote deposit and budgeting features are especially useful to these students, and believes that offering mobile features resulted in students retaining their accounts after high school.

However, as some participants noted, there are limits to the effectiveness of new technologies for youth savings programs, especially as a means of communicating with children. For example:

- The Child Online Privacy Protection Act (COPPA) places limits on online communication with minors.
- Students under the age of legal majority (generally 18) cannot always consent to read documents—such as bank statements—online.
- Child development research suggests that children benefit from tactile learning, and that virtual currency may seem less real compared to coins and bills. In other words, students may need to touch money to get the concept.
- Some low- and moderate-income families may not have convenient access to smartphones, computers, or the internet.

Some banks are developing pathways for continued saving

One challenge for banks was how to ensure that account relationships with students continued after the youth savings program was over. Several banks, especially those that offered a single custodial account for an entire class, closed the accounts at the end of every school year. Unfortunately, this meant that students had to open a new account the following year—which both decreased the number of ongoing open accounts (since some students did not open a new account) and disrupted the continued development of savings habits that banks were trying to encourage.

To avoid this problem, some banks continued to service students' accounts after the end of the school year rather than closing them. As an example, for more than a decade, Athol Savings Bank has offered savings accounts to elementary school students as part of its youth savings program. To help fulfill a goal of encouraging students to adopt a weekly savings habit, the bank continues to service these accounts as children move on to middle and high school. Athol has observed that some students who are now high school seniors continue to use their savings accounts, suggesting that the bank's decision to continue servicing these accounts has contributed to account longevity.

For banks that offered programs to high school students, another challenge was how to encourage students to retain their accounts after graduation. Beneficial Bank, like other pilot banks, addressed this issue by converting student savings accounts into regular savings accounts once a student completes high school. This approach was viewed by the bank as successful because the majority of student savers retained their accounts after graduation.

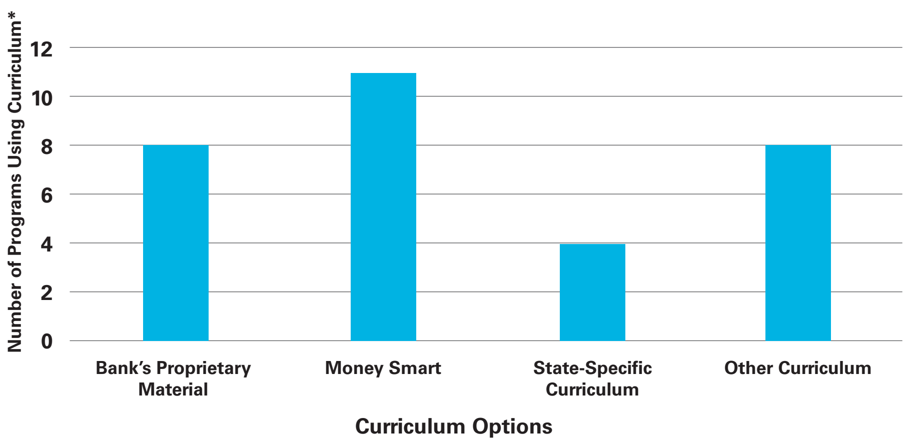
Delivering Effective Financial Education

Banks used Money Smart materials and an array of other curricula

As **Figure 5** shows, the FDIC's Money Smart was the financial education curriculum option most commonly used by pilot banks. Banks reported choosing Money Smart because the curriculum covers appropriate topics and is easy to use to quickly prepare a lesson.

Banks used several other curricula as well. In fact, nearly half of the bank participants used pieces of multiple curricula. At least one bank, Bank of Hawaii, emphasized the value of having a culturally relevant curriculum. The bank based its program on Kahua Waiwai, a curriculum developed by its financial education training partner, Hawaiian Community Assets. This approach helped to make the experience relatable and relevant for students, 60 percent of whom are Native Hawaiians. In contrast, Caldwell Bank & Trust Company's program did not report using a particular curriculum, instead choosing to lead facilitated discussions on financial topics in the classroom.

Figure 5. Number of Programs Using Curriculum Options



*Thirty-eight percent (eight of the 21 banks) report using more than one curriculum as financial education resources. Those banks are intentionally represented in multiple bars in the graph.

Statements by school partners about the positive effects of financial education on students suggest that many banks used these curricula effectively. Kimberly Vaughn of Muscle Shoals High School, a First Metro Bank partner, said: "Kids [are] talking about spending. Students are having conversations about college debt. They are thinking about saving." Wilper Morales of West Bronx Academy for the Future, a Capital One partner, stated: "Based on our observations, more students are able to ask questions regarding financial plans and costs for college. Seniors are interest-

Banker leads students in completing a Money Smart for Young People lesson.

ed in gathering more information regarding financial education since they have to complete their financial aid application. Students want to know how and when they should be saving for college."

Financial concepts also took root in younger children. LaReta Lowther of WesBanco Bank noted that students had gained a "better understanding of how a bank works, finances in general, savings versus spending, needs versus wants."

Financial education is strongest when it is integrated into the larger curriculum

Banks found that making sure that the financial education curriculum maps to the school's curriculum not only strengthens buy-in from school staff, but also helps students understand key concepts and make connections between subjects.

Some banks found that stressing the alignment of financial education with the objectives and curriculum standards that schools must meet also helped them to strengthen schools' commitments to their programs. Money Smart for Young People includes a resource showing how the curriculum aligns with the Common Core.

Banks found this standards alignment chart to be a powerful selling point for the curriculum when marketing it to schools and teachers. When using other curricula or tools, banks have created their own maps or matrices to show schools how elements of financial education map to state or local standards.

Effective financial education makes lessons relevant to students' lives

Banks found it important to emphasize the relevance of financial education to students' lives by applying financial concepts to students' goals, such as saving for prom expenses or senior year dues. Montecito Bank & Trust met with educators at the beginning of the school year to discuss the most relevant topics to cover with high school students. Working with teachers, the bank was able to develop lessons focused on highly specific subjects important to students such as: the cost of credit, strategies for repairing credit, understanding credit scores as a sort of financial GPA, identify theft, buying a car, and sharing personal stories and past mistakes.

At least one program encouraged students to look beyond today into their financial futures. First Metro Bank's "reality check" exercise asks high school students what they want to be when they grow up. The students then research the average salary for their chosen profession. To complete the picture of their imagined financial future, they imagine their future households (a spouse, children) and then come up with a budget that works based on their plans. "This is really eye-opening to them," said Education and Training Director, Alana Parker. "They see what they have to pay in taxes, student loans, child care, etc." Other ideas include having children rotate through stations to make adult financial decisions, such as how to get around (e.g., take the bus, buy a car, car pool) and where to live (e.g., share an apartment, rent your own apartment).

> **"Using the Money Smart curriculum modules is wonderful. Anything that the teachers ask for we have been able to find a module for. The prep time plus some experience on the job means that you can be ready to go into a classroom in 30 minutes."**
>
> – Michelle Huddleston
> Commercial Bank

Students Develop a Plan to Meet a Savings Goal

Dynamic delivery and collaboration with teachers strengthened financial education

Banks reported that collaborating with teachers allowed them to deliver more relevant and timely financial education to students. Notable lessons were:

- **Make youth savings content dynamic, interactive, and fun**. Following a strategy session with fifth-grade teachers, ServisFirst Bank designed its financial education curriculum to emphasize group discussion and problem solving, as opposed to lecture-based instruction. Jason Patrick, the banker-turned-financial-educator that led ServisFirst's financial education lessons, advised other bankers that plan on working with young children, "Don't be too scripted." International Bank of Commerce has found that activity-based lessons are effective for teaching financial concepts. The bank created Minitropolis®, a unique role-playing program that mirrors a fully functioning, real-life community, including a bank that is run by elementary school students.
- **Align financial education with the broader curriculum**. Some banks worked with teachers to align existing subject matter with the financial education curriculum. ServisFirst Bank designed lessons that could be integrated into students' math and social studies classes, making them more relevant. For example, the instructor discussed percentages in a financial education context shortly after the teacher had covered that concept in the course of normal math instruction.

Treynor State Bank found that demonstrating that their in-school banking and classroom programming aligns with the Iowa Core educational standards alleviated teachers' reservations about dedicating classroom time to the program.

> **"The program needs to be relevant to kids' lives. Kids like to see how the skills they are learning have real life value. One way to do that is through role-playing."**
>
> – Richard Martinez
> Young Americans Bank

- **Seek guidance from school partners on appropriate topics**. Commercial Bank has found that the schools themselves have a good intuition about which subjects would be most valuable to students. The bank lets partner schools make the decisions about which financial topics should be covered with each grade level. Commercial Bank started that process by giving teachers and school counselors the outline of the FDIC's Money Smart as a menu from which to select.
- **Keep materials and teaching methods appropriate to age and grade level**. Bank and school staff can work together to make sure that the material presented is age appropriate for students. Jodi Kirby of Baldwinville Elementary School, an Athol Savings Bank partner, noted, "I sometimes need to coach the financial educators to bring the level of complexity down."
- **Coordinate financial education topics and tools and increase teaching capacity by leveraging bank and school expertise**. Schools sometimes have existing lesson plans related to money and banking, and some teachers are comfortable covering financial topics in the classroom. Rather than duplicate financial education that the school already provides, banks can focus on adding to and reinforcing what the school covers. For example, Capital One bankers in Riverdale, MD, coordinated with teachers so that high school students received financial education lessons from both teachers and bankers that were consistent and not redundant.
- **Choose the right individuals to engage with students and provide in-classroom financial education**. PNC Bank, which operates a network of approximately 80 school-bank partnerships, observed that the dynamism of individual bank employees or volunteers that work with students is the major reason for the success of its youth savings programs. The Bank of Hawaii selected financial education providers from among its staff based, in part, on their connection to the students' communities. The banks' eight financial education providers were either graduates of the two high schools served or living in the communities served by those schools.

- **Develop a cooperative environment with schools and other partners to help deliver engaging and informative financial education**. The complementary skills of bankers and teachers make reciprocal professional development possible, in which teachers help bankers teach effectively and bankers build teachers' financial knowledge. Sharing knowledge and skills can take place on teacher professional development days.
- **Consider a two-person training team**. Hastings City Bank sends two bankers to deliver financial education lessons whenever possible. Doing so helps with managing the classroom and keeping the energy level of the lesson high.

Bankers help students grasp financial concepts

Banks offered special financial education events that made learning interactive

Some banks offered special events in 2015–16 that made learning about financial topics fun. As an example, International Bank of Commerce designed a financial education program, Minitropolis®, for school-aged children. For several years, the bank has hosted "real-world" simulation events through this program with students in different grades taking on various responsibilities to learn the fundamentals of banking, such as running a mock bank branch in a simulated city using play money.

In addition to its direct youth savings programs with area schools, Young Americans Bank offered Young AmeriTowne and International Towne, which simulate commerce and finance in the real world. By assuming different roles, students learned financial concepts through experience and gained a better understanding of the dynamics in an economic system. The bank also increased student engagement through special activities throughout the year, such as scavenger hunts around town, essay competitions, and drawing competitions.

> **"Using students as the educators makes the material relatable."**
>
> – LaKia Williams
> Capital One Financial Corporation

Programs can expand the boundaries of financial education

At least one bank's program complemented the core school-based financial education with enrichment for students on related subjects. For example, Reading Cooperative Bank's program supplemented financial education with workforce development instruction on developing a résumé and filling out job applications. Students in Reading Cooperative Bank's program also worked together on a marketing project, creating promotional materials for bank products. In one case, the materials developed by students were so good that the branch incorporated them into its program. Efforts such as these, which address knowledge needed in real-world situations, can reach young people during an important developmental time and can help them build knowledge and decision-making skills about their finances, as well as other areas.

Students make effective financial educators

Several youth savings programs let students serve as financial educators for their peers, sometimes as part of a student teller role. For instance, student bankers in Capital One's four participating high schools are also financial literacy ambassadors and lead financial education sessions for their peers. The ambassadors taught financial literacy by utilizing an interactive, Jeopardy-like game. The questions and answers were sourced from different financial literacy materials, including Money Smart. The bank found that the student-led sessions were more effective than the sessions taught by adults because the students knew how to present the material in a way their peers could relate to. The bank also found that their student bankers were effective in articulating the benefits of having a savings account. For example, 22 accounts were opened at a student branch after a student banker provided financial education to a class.

In a few programs, students provided financial education to younger children in a way that reinforced lessons about money and saving. For example, Bank of Hawaii, with partner Hawaiian Community Assets, Inc., created a new internship for four students to provide financial education to pre-kindergarten children. Passumpsic Savings Bank enlisted older students' classes to make deposits on in-school banking days on behalf of younger children. Giving older students these expanded roles pro-

Banks make financial education lessons fun

vided a number of benefits for both the banks and children. By expanding the number of “educators” within the school, it enabled the banks to reach more children. At the same time, it provided a set of role models for the younger students, and provided the older students with growth and leadership opportunities. Jennifer Plummer of Rue Elementary School, a Treynor State Bank partner, said, “Students talking about being tellers motivates the other students to continue to do well in classes, especially the third graders who know they can become tellers the next year.”

Field trips to branches help establish familiarity with, and trust in, banks

Bank field trips were a common feature among youth savings programs across the spectrum of grade levels represented in the pilot. Banks reported that the field trips helped establish familiarity with and trust in banks as a place where students were welcome as current and future customers. Itineraries varied and were appropriate to the age of the students. Common features of bank field trips included learning about the roles of different bank staff and observing behind-the-scenes elements of a working bank, such as the vault.

Bank of Hawaii organized a Career Day and Bank Visit experience at its main office for 22 high school students. The program included a tour of the offices. In addition, the activity included discussions about college, savings, and careers in banking, and featured a presentation on saving for college by a Federal Reserve Bank of San Francisco representative.

The bank plans to hold another event for the same students focused on scholarships, the Free Application for Federal Student Aid (FAFSA), and a “college life” preview for students.

Banks met the linguistic needs of students and parents

Southwest Capital Bank was among the Youth Savings Pilot banks offering bilingual financial education to meet the linguistic needs of the community. They provided lessons for students and parents in both English and Spanish.

Parents/Guardians

Banks used multiple strategies to engage parents in the youth savings experience

Several of the bank participants in the pilot emphasized that parent buy-in is important for a variety of reasons. Parent permission and support is often necessary for students to fully experience and reap the benefits of a youth savings program. For example, parent permission is often required for students to open bank accounts. Parents are also a primary source of the funds that students deposit into their accounts and are in a position to encourage ongoing use of accounts. In a few cases, banks also noted that engaging parents and guardians can help encourage them to open an account for themselves.

Lessons learned by pilot banks include:

- **Plan early to be ready for back-to-school night**. Some banks planned their youth savings programs in the summer so that they were able to catch parents during the back-to-school period. Next year, ServisFirst Bank will be looking to build stronger connections with parents to match the rapport that the bank has built with students. For a variety of reasons, the bank missed the back-to-school events for the 2015–16 school year and then found that the winter holidays made it difficult to reach parents during the first semester. Now that ServisFirst Bank has a more seasoned program, it believes it is better positioned to reach parents during the 2016–17 back-to-school season. Young Americans Bank and First Metro Bank said that their primary marketing strategy includes engaging with parents at "Parents' Nights" and other school events. Both banks noted that these approaches are more effective than passive strategies, such as sending materials home with students.
- **Hold special events for parents and families**. The Huntington National Bank drew a crowd of 200 students and family members to their Family Literacy Night. The bank thinks offering dinner was critical to the strong turnout. For future events, the bank is considering adding Spanish instruction to ensure that parents who speak English as a second language can fully benefit from the financial literacy portion of the event. In some cases, Back to School Night presentations led to parents encouraging their children to deposit funds into their accounts.
- **Address parent concerns whenever possible**. Interactions with parents are an opportunity to promote the benefits of the youth savings program and address concerns. Several pilot banks noted parents' concerns about the effect of saving on eligibility for supplemental income program benefits (e.g., SNAP, WIC, SSDI, and Medicaid). Midway through the 2015–16 school year, Passumpsic Savings Bank noted that this concern among parents likely limited the number of student accounts opened through their program. Their nonprofit partner, AHEAD, reached out to parents, and according to bank representatives, was able to ad-

dress parents' concerns in many cases. Banks' ability to fully address parents' concerns about the impact of youth savings accounts on their family's benefits will likely require continuing collaboration with leaders of public benefit programs, as well as with governmental and regulatory bodies. Those collaborations could clarify how youth savings does or does not impact benefits eligibility on a program-by-program basis. Clear information on this topic will be useful to banks, schools, and parents.

Collecting required forms from parents was a challenge for some banks

Several pilot banks found it challenging to obtain parents' permission for their children to open accounts, in part, because students frequently would not return required permission forms to school with parent signatures. For example, Passumpsic Savings Bank and its partner, AHEAD, thought that getting students to open accounts would be a "slam dunk" because of the incentives offered under their program. However, the bank opened far fewer accounts than anticipated and attributed the lower-than-expected number to the challenge of getting students to return signed permission forms. The bank is working to augment its strategy for communicating with parents to include more in-person outreach at schools' parent nights.

Other institutions were able to overcome this challenge using a variety of strategies. Some banks got help from school partners in securing parents' buy-in and collecting required permission forms. For example, with the help of school partners, Caldwell Bank & Trust Company received most of the permission slips it required to offer accounts to students within one week.

Other banks went directly to parents to obtain the required forms. Finding that sending forms home with children did not work well, Treynor State Bank seized multiple opportunities—back-to-school nights, parent-teacher nights, and other school events—to meet parents directly and collect the forms.

Banks also chose noncustodial accounts to emphasize students' sense of responsibility for and ownership of their accounts. Noncustodial accounts often also minimized the paperwork that parents needed to complete and return to the bank.

Some banks provided financial education and savings opportunities directly to parents and family members

Parents and other caregivers are generally the top influence in their children's financial development. Some banks and their partners experimented with engaging families in financial education to support their youth savings objectives. The Bank of Hawaii's partner, Hawaiian Community Assets, conducted Family Money Nights to deliver family financial education workshops on budgeting and saving. Fifty-nine percent of parents attending those workshops later enrolled in Hawaiian Community Assets' financial education and counseling program, accessing the organization's group workshops, participating in individualized counseling, and gaining access to matched savings accounts for assets purchases and credit builder/repair loans.

Passumpsic Savings Bank, with partner AHEAD, offered Family Fun Nights which engaged parents and children in financial education. They rewarded attendance with a $25 bonus deposit into children's youth savings accounts. At Family Fun Night, the bank offered adults the opportunity to enroll in a financial education program for adults.

Involving volunteers—especially parents, grandparents, and guardians—may offer special benefits

Several banks, including Athol Savings Bank, Montecito Bank & Trust, and ServisFirst Bank, engaged volunteers in various roles. When those volunteers are parents or grandparents, pilot participants found there was an intergenerational benefit, reinforcing savings and banking habits for both the students and the volunteers.

Taking Stock of the Costs of Youth Savings Programs

Costs vary by program design, scale of reach, and method of accounting

Pilot banks provided information about the types of costs incurred in their youth savings programs and the estimated total annual program costs. It was much more difficult to estimate annual program costs because of variations in program design, the scale of each program, and differences in cost accounting across organizations. For instance, even among banks that chose the same design in terms of program model (e.g., Model 1: School-Based Branch), there may have been substantial differences in costs to establish and run these bank programs because of factors such as whether or not the bank had to pay to lease the space from the school for the branch.

In addition, the banks did not uniformly define and allocate the fixed and variable costs associated with their programs. Similarly, where the program operated likely influenced costs due to differentials in the cost of living across regions, states, and urban versus rural communities. In light of the diverse strategies undertaken in designing these programs, and the fact that this is a pilot that includes the experiences of only 21 participating banks, annual estimates or direct comparisons of program costs would not be informative and potentially could be misleading.

However, the types of program costs reported by banks were largely consistent across all participants and may be useful for banks who are considering a youth savings program. Pilot banks described their costs in relation to the following categories:

- **Promotional Items**. Fourteen of the 21 banks (67 percent) described promotional items as a cost of their programs. Banks found non-monetary incentives—such as pens, collector coins, and piggy banks—to be important motivators of student engagement, especially for younger children. Of the 14 banks that identified their largest cost, four (29 percent) identified promotional items as the largest cost of their programs.
- **Salaries**. Ten of the banks (48 percent) included salaries as a cost of their programs. These costs represented investments of staff time not only in providing financial education and offering savings accounts, but also in planning, partnership development, and other management functions. For some programs, travel to and from participating schools also required a significant amount of time. Of the 14 banks that identified their largest cost, six (43 percent) identified salaries as the largest cost of their programs.
- **Distribution of Materials**. Ten of the banks (48 percent) said that distribution of materials was a cost of their programs. Reproduction of financial education materials is one example of this type of cost. Of the 14 banks that identified their largest cost, four (29 percent) identified distribution of materials as the largest cost of their programs.
- **Development of Materials**. Nine of the banks (43 percent) identified the development of materials as a cost of their programs. Some banks developed their own financial education materials, including games and activities, for use in the classroom. None of the pilot banks cited development of materials as the largest cost of their programs.
- **Other Costs**. A wide variety of other program costs were described by banks, reflecting the diverse ways that banks design and run their youth savings programs. For example, some banks reported supplies, equipment, travel, and telephone and internet costs for their youth savings programs. One bank included the costs for college preparation enrichment, a training development module for their student tellers. Four banks included monetary incentives offered to students, while another bank took into account the costs for waiving account fees. Two banks reported food and beverage costs for youth savings program events and another bank added legal fees associated with their program.

Nonbank resources significantly contributed to youth savings programs

Youth savings programs also leveraged nonbank resources to make the programs possible. Eighteen of the 21 banks reported using school facilities. Thirteen cited the contributions of teachers as nonbank resources, and 11 cited the contributions of school administrators. Six cited contributions by volunteers and three cited the contributions of parents. Caldwell Bank & Trust Company reported that a school's secretary helped to manage the scheduling logistics of their youth savings program at one of their schools. Money Smart and other off-the-shelf financial education curricula and materials were widely used nonbank resources. Capital One partnered with an independent advisor to support the student bankers through the college application and selection process.

Measuring Performance and Impact

Success was defined by pilot participants in various ways depending on the objectives of bank and school/nonprofit partners. When asked how they measured program success, banks' responses included:

- Numbers of students exposed to financial concepts and information through financial education in the classroom
- The number of accounts opened
- The total and average balances held in student accounts
- The number of students still using their savings accounts years after their participation in the program
- Changes in behavior that indicate that students have internalized and put into action financial concepts and information
- Gains in student confidence, especially as they succeed as student bankers or tellers and other program-related roles
- Schools' continued participation in the youth savings programs year after year
- Expressed interest in the program from other classrooms and additional schools
- Accounts opened by students' parents
- Student achievement of personal goals related to money, such as going to college

Relatively few bank partners reported engaging in formal process evaluations or other self-evaluation activities. However, most banks maintained records that allowed them to periodically take stock of accounts opened as a result of their programs and the patterns in account openings, usage, and closure. Taking a snapshot of aggregate account activity for all pilot banks during the 2015–16 school year, the total number of savings accounts open at the beginning was 28,805. By the end of the school year, and after taking into account closures due to factors such as students graduating from the program or moving away, there was a net increase of 3,704 new accounts, putting the end-year total number of savings accounts at

32,509. Not surprisingly, average balances varied substantially among programs. For example, programs that tended to focus on elementary school children had fairly low average balances, while high school programs tended to have somewhat higher balances, possibly because of greater discretionary income available to older students.

When asked about measuring performance and impacts beyond the number and status of student accounts, many banks supplied impressions from their informal observations of students in their programs. Descriptions of banks' self-evaluation activities included:

- Bank of Hawaii partnered with the University of Hawaii to conduct a program evaluation that included in-classroom observation. The University also conducted pre- and post-testing of students to quantify some of the benefits of the youth savings experience and shared the results with students' families at the end of the school year.
- Passumpsic Savings Bank and First Bank of Highland Park both used pre- and post-testing of students to learn about the effectiveness of their programs.
- Capital One conducted an annual review of its youth savings program by soliciting qualitative feedback from the student bankers, teachers, and school administrators across its network of four sites.
- In the 2015–16 school year, Commercial Bank evaluated a specific program component—approaches to financial education—to determine which practices across its participating schools worked best.
- The Huntington National Bank meets with teachers each year to gather qualitative input on the strengths of the youth savings programming and on ways it could be improved.

In interviews, schools that partnered with pilot banks also cited evidence of program success from their own perspectives. Some referenced increases in their students' financial understanding. For example, Patty Fleming of Treynor Elementary School noticed the impact of financial education by the way "students across the board in the early ages are understanding much better the difference in needs versus wants. The upper grades are beginning to understand how money and business works." Another teacher commented: "We can tell the effect of teaching financial education by the way students talk about savings. They more frequently have discussions on topics pertaining to spending and making better decisions." One high school partner felt that the program had an impact on more general academic performance. He noted: "We have noticed the program's positive influence on the students' overall academic performance—how they ask more questions and delve deeper to get a better understanding of a topic."