

Young Adult Outreach Initiative: The Oregon Story

A REAL Solutions® Program Review



<http://www.cuao.org>

“Credit unions’ success in delivering services and products to the next generation will define their ability to be relevant for the future. Membership growth is the number one issue facing credit unions. The young adult market provides a viable means for growth in membership and opportunities to recruit and retain talented young professionals and volunteers. Credit unions have the opportunity to engage the right tools and mindset to be relevant to this market.”

Troy Stang, CEO -- Credit Union Association of Oregon

Young Adult Outreach Initiative: The Oregon Story – A REAL Solutions® Program Review is a 2010 publication of the National Credit Union Foundation’s REAL Solutions® program.

About the National Credit Union Foundation (NCUF)

The National Credit Union Foundation raises charitable funds, runs innovative programs, and makes impactful grants for America’s credit union movement. NCUF’s mission is to “promote and improve consumers’ financial independence through credit unions.” Among the NCUF programs and grants achieving this mission:

- **REAL Solutions®** — Helping millions of consumers gain access to affordable financial services, achieve financial literacy, grow savings, build assets, and buy homes.
- **Development Education** — Leading training on cooperative principles in the modern consumer marketplace to overcome what credit unions identify as the greatest threat to their future: “the eroding of credit union philosophy.”
- **Financial Education** – Sponsoring *Biz Kid\$*, the award-winning financial education series on PBS stations underwritten by America’s credit unions.
- **CUAid (www.cuaid.coop)** – Raising disaster relief funds for credit union employees, volunteers and members.
- **Innovation Grants** – Encouraging credit union innovations through grant-making.

About REAL Solutions®

REAL Solutions® is the signature program of the National Credit Union Foundation. REAL — “**R**elevant, **E**ffective, **A**sset-building, **L**oyalty-producing”— Solutions® works to help credit unions offer a wide range of products and services that have proven successful in serving working families with low wealth and modest means. Using product/business models created and tested by credit unions, REAL Solutions® disseminates information to credit unions through special meetings, an online impact center at www.realsolutions.coop, and state and national conferences. As NCUF’s signature program over the past three years, REAL Solutions® has been adopted in 37 states and is saving members tens of millions of dollars. It has now become a documented business strategy for credit unions to grow their memberships by serving the underserved. Real people with real needs are finding REAL Solutions® at credit unions.

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About the Author

Kasey Rockwell is the director of credit union development for the Credit Union Association of Oregon (CUAO) and has been with CUAO since 1999. Her responsibilities include working closely with credit unions in the areas of development and outreach including small credit union development, planning sessions, assistance with education, financial literacy and chapter outreach. In addition, she oversees CUAOs REAL Solutions program. She is currently the manager for the Oregon & SW Washington Credit Unions for Kids campaign.

Kasey worked in the Governmental Affairs department overseeing CUAO's advocacy initiatives for six years and prior to that was a compliance officer. She has earned the Credit Union Development Educator (CUDE) designation which represents credit union professionals in the country and abroad. She was recognized by her fellow CUDEs in 2002 with their Volunteer of the Year award in the area of Fundraising. Since receiving her CUDE designation Kasey has had the opportunity to help lay the groundwork for the growth and development of credit unions in Uzbekistan with the guidance of the World Council of Credit Unions (WOCCU). In 2006 WOCCU inducted Kasey into their International Executive Volunteer Corps for dedication to the international credit union community and work with the Uzbekistan Credit Union Movement. She is a graduate of Western CUNA Management School and has earned her Mt. Hood Credit Union Management Certificate.

Kasey also enjoys spending time with her husband and son. She loves to cook and entertain friends and family.



1. When did Oregon begin participating in the REAL Solutions Program and why did your Association become involved?

Danielle Brown, who is now our Senior VP of Operations, had several discussions with Lois Kitsch in the fall of 2008 regarding our interest in becoming a REAL Solutions state. Our Oregon Credit Union Foundation Board was very interested in helping to fund the project. Whereas a number of Oregon credit unions offered a payday loan alternative, our board's initial interests were pre-paid cards, auto loans for those with thin credit files, and emerging markets.

Troy Stang, our CEO, executed the Memorandum of Understanding the end of 2008. Lois Kitsch came to our Credit Union Executive Summit in April to talk about REAL Solutions and Nancy Pierce, our Field Coach, held our introductory meeting in June 2009. We had 21 of our 72 affiliated credit unions sign on as REAL Solutions credit unions. I took over as Director of Credit Union Development in June 2009 and became the point person for the REAL Solutions program.

2. How has the REAL Solutions program evolved in Oregon?

Credit unions identified membership growth, and in particular growth among youth/young adults, as their primary concern and interest in joining REAL Solutions. They wanted ideas for attracting and serving the younger market. Even those credit unions with branches in area high schools expressed frustration with their efforts to make students aware of the branch and its services.

Young adults are an elusive and challenging market. At one of our on-site meetings, we invited four college students to address the group regarding their financial habits and how to market a credit union to them. They were all intrigued with the cooperative structure of credit unions; the fact that they are owned by members and have volunteer boards fit within their ideals and they felt that as a result, they could expect better rates and service from a credit union. That said, however, they were tired of being marketed to and tuned out marketing ads or messages. They said the best outreach efforts would be to go to where they are – their schools and colleges and offer free food and just talk to them. Further, a one hour guest appearance at a school wouldn't get results; it needed to be an ongoing class or relationship. Most credit unions would find that a pretty costly marketing and outreach effort.

For 2010 and through a generous grant from the National Credit Union Foundation, we decided to bring in a young adult expert – Brent Dixon from the Filene Research Institute. Brent is an advisor specializing in young adult issues. Through a series of webinars and on-site meetings, Brent helped participating credit unions better understand their young adult markets and what types of products they tended to use and when. For example, one exercise he used was to have participants consider the different life stages young adults from ages 15 to 25 go through and how the credit union could tie products and services into these stages. That was particularly helpful, because many of us don't realize how many different events these young people can experience over a ten-year period.

Brent challenged each credit union to identify three goal-appropriate areas it hoped to accomplish over a four-month period and to post those goals on Basecamp with specified activities to accomplish in order to reach those goals. He followed each credit union's progress and provided feedback and ideas, if necessary. All participants provided encouragement to each other. It was a great teamwork effort.

3. What was the end result?

We had eleven credit union representatives share results of their Young Adult Outreach projects at our on-site meeting in October 2010. Three credit unions were recognized by their peers for having the best idea, the most resourceful program and a wild card vote for ingenuity. I'd like to share the eleven goals and results from these credit unions. Hopefully, their ideas will help other REAL Solutions credit unions that are trying to reach out to this market.

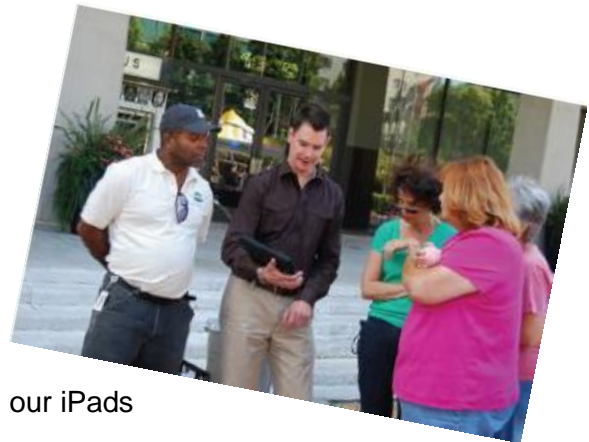
Unitus Credit Union, Portland, Brett Wooden, Business Development Manager –

iPad Implementation Project:

Using iPad technology, the credit union has become mobile to members anywhere. Two business development managers use the iPads in the field to open accounts, take loan applications, and sell additional online services.

Before using the iPads, the credit union Business Development Team averaged 67 new members per month with a 3.33 cross sell ratio. In August, with two iPads in use, the Team opened 102 new accounts and had a cross sell ratio of 3.88.

The goal is to eliminate paper applications in the field and lag time between the account being opened and funded in the branch. Now new accounts opened in the field can be funded electronically via electronic check or debit/credit card. Unitus' iPad project was selected as the "best idea" venture.



In the field with our iPads

Pacific Crest Federal Credit Union, Klamath Falls, Janet Buckalew, VP of Member Advocacy/Business Development –

Increase Member Loans & Checking Accounts:

The credit union set three goals for its members aged 18 to 30 –

- a. Increase member loans by 15% by the end of the year;
- b. Increase checking account penetration by 10% by the end of the year;
- c. Establish a Youth Advisory Group & diversify the board of directors.

To reach the first goal, the credit union implemented a “second look” for loans that were initially denied. As a result, loans for this age group increased from 340 to 606 as of October 2010, and balances increased from \$2.7 million to \$7.2 million. It was simply a culture shift, reported Buckalew. Underwriters began approving loans to young members who were often denied in the past because they didn’t have much credit union experience. As a result, Pacific Crest was voted the “most resourceful” project.

The credit union has also added two young students to its board of directors in an advisory capacity. They talk to their peers about the credit union and though they don’t have voting rights on the board, they do speak up regarding the needs of young adults, says Buckalew. To increase its checking account penetration among young adults, the credit union is putting together a First Time product package and is also implementing a Fresh Start Checking product for those who have had problems managing a checking account in the past.



Our new student advisory board members



MaPs Credit Union, Salem, Jill Nowacki, VP Development –

Mapping Your Future:

MaPs Credit Union was selected as the group’s “wild card” reward for its efforts to use community partnerships to bring financial services to under-served markets, particularly its Hispanic community. The credit union’s long range plan is to:

- a. Leverage existing and build new community partnerships;
- b. Increase families’ financial capabilities and access to traditional financial services;
- c. End the cycle of generational poverty.

The credit union has five community partners and 10 financial educators lined up to reach 100 Latino families. Activities to reach the overall plan include a focus group to determine what the families’ financial needs are, cultural and generational training for staff, financial education curriculum development, new and repackaged products such as citizenship loans.

Point West Credit Union, Portland, Molly Walter, Marketing Coordinator –

Young Adult Advisory Panel:

The credit union’s board of directors has approved the panel and plan to use its information in an advisory capacity. The credit union plans to start with a panel of nine people and is in the process of selecting applicants. First quarterly meeting will be in January and panel members will be able to blog and communicate with each other through an on-line portal that will be developed by Walter. Members will be offered gift cards as rewards for their involvement and will also be able to job shadow staff and board members. The long term hope is that some will choose to become employees or board members.

Northwest Resource Federal Credit Union, Portland, Kim Faucher, Director of Marketing –

Increase Membership and Loans in the 22 to 32 year-old market:

The credit union’s short-term goals are:

1. Introduce debt consolidation loans;
2. Enhance access and convenience through mobile banking and Jwaala account aggregation.

Faucher reported the board of directors has given a green light to mobile banking and a vendor has been chosen. Jwaala account aggregation will follow. The board has given a yellow light to a debt consolidation promotion. The credit union also plans to offer a Certificate Secured Loan as a “Credit Builder Loan” for a 12-month term.



Northwest Community Credit Union, Eugene, Rex Fox, VP of Branch Operations –

Reduce Average Age of New Member by One Year Each Year:

The activities the credit union will use to accomplish this goal include:

- Hire a youth advisor;
- Increase effectiveness of high school branches;
- Add a new high school branch;
- Develop an incentive for branch managers;
- Do a better job of attracting Hispanic members;

The overall average age of membership for NWCUC is 49 and since every member gets one year older each year, reducing the overall age is a very difficult task, stated Rex. However, the credit union does think it can reduce the average age of new members, which in 2009, was 43. In 2010, the credit union set a goal to reduce the average age of new members by one year and have an incentive for branch managers to reach that goal. As of third quarter, the average age of new members was 41, or two years younger than in 2009.

Whereas the high school branches have been a good resource for employees, these branches haven't been producing many new members.

Valley Credit Union, Salem, Steve Pagenstecher, Marketing Manager –

Create a Checking Product to Appeal to 18 to 26 year olds:

The average age of the credit union's members with a checking account is 50. The credit union does not currently have a checking product targeted toward young adults. Using research the credit union has compiled from other credit unions and Filene, a proposed draft of new products is currently under review by the Executive Management Team. The overall goal is to improve product profitability while enhancing the member experience. Pagenstecher stated that the time frame to roll out a new young adult checking product is early 2011.

Wauna Credit Union, Clatskanie, Stephanie Sievers, Operations Support Manager –


Develop Products & Services to Appeal to Members from Birth to Age 25:

To achieve this overall goal, the credit union established three sub-goals:

1. Enhance our Jump Start Program for members from birth to 17 years;
2. Create a page on our website for young adults;
3. Enhance our relationship with 17 to 19 year olds.

The credit union has already added a club savings program for young members that pay a high rate up to \$500. Whereas the credit union already had loan and checking programs for members aged 14 to 17, these were not promoted. It has begun to market these products as part of its club features. At age 17, members are contacted by phone to discuss changes to their accounts at age 18 and how they can continue to use their accounts if they go off to college.

Future plans include a club for members aged 18 to 25 that will include a focus on 1st Mortgages and Technology loans. Personal Financial Management Tools will also be a feature of the club



program. A survey will be added to the letter that is sent to members at age 18 to determine what financial products they need for their future.

Rogue Federal Credit Union, Medford, Jeanne Pickens, Marketing Director –

Youth Program Revamp:

Rogue is planning to revamp its student branches and products/services for the 15 to 18 age demographic. It also plans to establish an annual planning process with students. Progress to date includes:

- Established business plans for each high school that includes a marketing plan, training plan, and goals and benchmarks.
- Identified need to implement SMS banking that will allow members to conduct financial services via their mobile phones.
- Repositioning products and services to appeal to this age demographic.

Oregon Community Credit Union, Eugene, Chris Whittaker, Product Development Manager –

Develop a Checking Account and Private Student Loan Program for Young Adults:

The credit union had two goals:

1. Begin offering a checking account that does not require a minimum balance;
2. Begin offering private student loans.

The credit union knew it was missing opportunities with younger members by not having these services available. In August, it rolled out its PaperFree Checking and has opened 217 accounts. The average date of birth for the new account is 1984. In late July it began offering private student loans and has had 28 applications. It also has been added to the University of Oregon's website as a preferred lender.

Future plans include adding deposit accounts to its internal sales incentives and to begin marketing its private student loans in 2011.

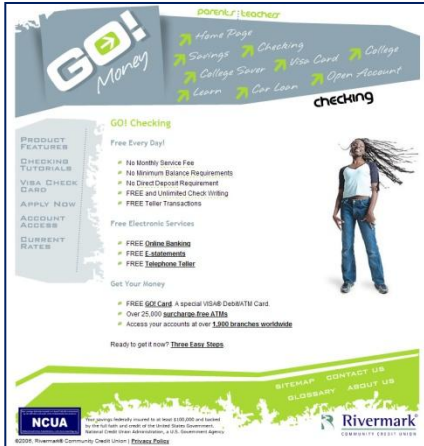
Rivermark Credit Union, Beaverton, Cheryl McCarthy, Product Marketing Manager –

Update & Rebrand Teen and Young Adult Product Bundles:

The credit union has established three goals:

1. Refocus target age group –
Instead of a target focus of ages 13 to 17 year olds, the credit union has refocused its target to 16 to 25 year olds. The problem was that the product mix was outdated and not appropriate for all ages in the original group.
2. Update product bundle –
The product bundle now includes a Smart Reward Checking – a free account with rewards debit card, personalized plastic, free online banking and mobile banking; Smart Savings – a goal-focused, name-your-own savings; Platinum Rewards Visa - \$1,000 line automatically issued if no negative credit; Micro Loan - \$300 to \$2,500 for bicycles, business start-ups, instruments, etc; Auto Loan; Tutorial Series – budgeting, buying a car, checking, getting and keeping good credit, etc.

3. Rebrand Teen Website –



Before: Out of Brand

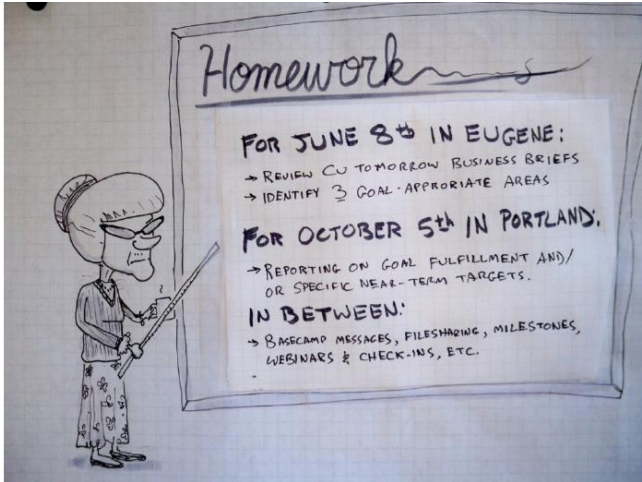


After: Reflects Current Brand

4. How helpful was it to bring in Brent Dixon and the Filene experience to help Oregon credit unions achieve success with their young adult outreach projects?

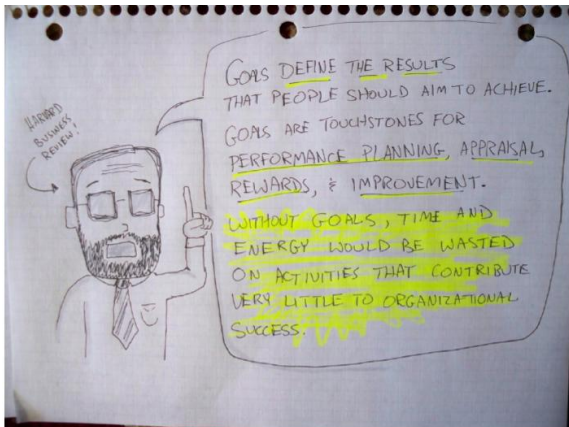
Immeasurable. Brent's network connections through Filene and his own entrepreneurial activities brought a lot of insight into the habits and characteristics of young adults. He introduced a new resource to most of us, Basecamp, a project management and collaboration tool that allowed our group of credit unions to share goals and project activities online. Participants could keep in touch with each other and Brent through group messaging.

Finally, Brent's presentation methods were fresh and creative and kept participants smiling and engaged in the webinars and on-site meetings.



“Brent’s easy-going nature belied the organization and focus he brought to our projects. Given the load of responsibilities and distractions we all carry, we needed a leader that could be engaging, approachable, and attentive, and Brent delivered.”

Stephen Pagenstecher, Marketing Manager – Valley Credit Union, Salem, Oregon



“shared information through the online webinars and group meetings that was not just valuable, but industry changing. Instead of targeting the overall youth market in Oregon, he helped us centralize those areas our credit unions could focus on and fix. His life examples, statistics, and industry knowledge led us to identify those things we are currently doing in our credit unions, but with some tweaks or customizations, they can be better products to reach our youth markets.”

Brett Wooden, Business Development Manager – Unitus Credit Union, Portland, Oregon



4. What are the next steps for REAL Solutions in Oregon?

Well, the membership of the Credit Union Association of Oregon and Washington Credit Union League recently approved a merger of the two organizations and we will begin operations January 1, 2011 as the Northwest Credit Union Association. That merger will take quite a bit of time and energy, at least at first. I'm sure part of the merger activities will be a re-evaluation of REAL Solutions and how to move forward with the program to make it productive and dynamic for credit unions in both states.

So my thoughts are to focus on data collection in the near future. I have been watching with interest the challenges, but also the successes the Georgia Credit Union Affiliates have had in collecting data from their credit unions. The data is collected through the Baseline Survey provided on the REAL Solutions Impact Center. Georgia is using a follow-up calling process to request credit unions take the survey and it has had over 80% of its REAL Solutions credit unions complete the survey. With this information Georgia is able to document the number of people helped and the financial impact Georgia credit unions are having in the state. This information is pivotal to its advocacy efforts.

This is what I'd like to focus on next for our REAL Solutions efforts in both Oregon and Washington. With my previous experience in CUAO's Governmental Affairs Department overseeing advocacy initiatives, this is close to my heart. Tracking and documenting the programs and the impact REAL Solutions credit unions are having in our states and using these data and stories to educate legislators about the credit union difference doesn't get any better for me. I understand the power that message could have in both our state and national legislative chambers.

5. For those leagues and credit unions that are not part of REAL Solutions, how would you summarize the benefits of the program?

First, let me describe how I view the REAL Solutions program. REAL Solutions is the innovative incubator of product ideas and models to meet the financial needs of low-wealth households. Often our traditional products won't work. Low-wealth households are apt to have checking and credit blemishes that may preclude them from customary products. Or they may never have had a relationship with a financial institution and our products are foreign to them. So they need first- or second-chance opportunities, but also opportunities that won't harm their already weak financial situations. They need products and services that can be closely monitored, are tied to some kind of financial education component, or have the checks and balances in place to make them safe harbors.

So, one of the benefits of being a REAL Solutions league or credit union is the ability to draw from this incubator of ideas. Credit unions don't have to work in a vacuum, reinventing something already tried by another credit union. The beauty of REAL Solutions is that credit unions learn that sharing ideas and information about innovative programs can be fun and very productive. There are a lot of low-wealth households, so credit unions don't have to see each other as competitors for this market. Therefore, they are willing to learn from each other – both lessons learned and what has worked.

A second benefit is the fact that many of these programs are being taken to the state and national levels. An example of this is CUNA's Financial Counseling Certification Program (FiCEP). Through support from NCUF, the Vermont, Michigan and Utah leagues each piloted a state program that combined usage of CUNA's FiCEP self-study books with a series of eight webinars, one for each module, and two days of face-to-face training and proctored exams. The result was a significant increase in the number of



certified financial counselors within credit unions in these states. That program is now being offered to REAL Solutions leagues and credit unions in other states. It provides the convenience and low cost of CUNA's self-study program with group hands-on learning and networking within participating states. Think of the benefit that could bring to credit unions – having trained financial counselors at each branch to assist members.

A third benefit is being part of the measurement impact. The Baseline survey captures the number of people helped through REAL Solutions activities and the financial imprint credit unions are having within their communities. Together they tell our credit union story and mission to the public at large and to our legislators. And perhaps even more importantly, they can become a source of measurement for our credit unions. Credit unions can evaluate their level of activities and financial impact and compare those measurements to their peers.

It's my belief that REAL Solutions can become our national branding strategy, an effort that has eluded us throughout our history. It's like Troy Stang, our CEO says, REAL Solutions is like our Good Housekeeping Seal of Approval. By being a REAL Solutions league and credit union, we are advancing our mission of helping modest means households improve their financial well-being.