

# RHODE ISLAND



*Students operate and conduct business at Rhode Island Credit Union during their full day Exchange City simulation.*

## Statistics

- ▶ **112,997** members have access to savings accumulation counseling
- ▶ **106,930** members have access to money management counseling and credit report review
- ▶ **224** classroom presentations were conducted for **1,711** students
- ▶ **498** students attended a Financial Literacy Fair
- ▶ An estimated **\$110,500** was spent by CUs on financial education programs

## In the Spotlight

Pawtucket CU, Columbus CU, WAVE FCU and Westerly Community CU received grants to run/start financial literacy programs



*Students interact with credit union representatives during a CU 4 Reality™ Fair sponsored by Navigant Credit Union.*

Since their inception, Rhode Island credit unions have committed to provide for the financial well-being and needs of their members as well as the communities they serve. The recent economic downturn illustrates the need for financial literacy education. Statistics show that many consumers could benefit from a better understanding of financial matters.

Far too few students learn life skills that will ultimately lead to their personal financial success. More and more credit is being extended to our youth; and parents may not have the educational training or life experiences to guide our youth to be financially healthy young adults. In the area of youth financial education, credit unions have taken a leadership role throughout Rhode Island.

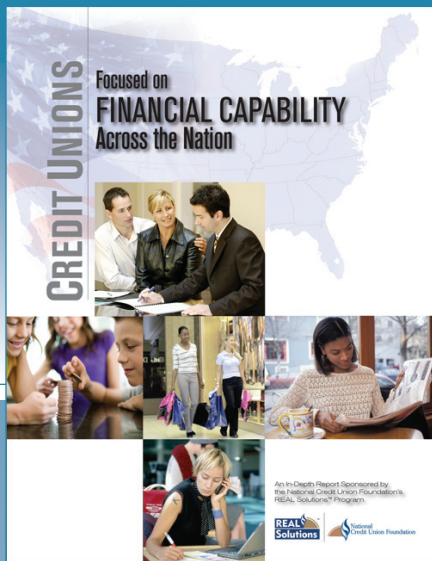
The development of financial literacy fairs began in Rhode Island more than ten years ago with the Real World Day for high school students. Real World Day is a “hands-on” practical experience that assists students in setting realistic financial goals while they prepare for life after high school. At Real World Day, students are asked to develop a realistic budget that includes housing, insurance, food, clothing, transportation, entertainment, etc. They are given a “salary” to work with that will correspond with a job in their chosen field. Real World Day is a unique program that ties together career decisions with the budgeting aspects of the real world.

The CU 4 Reality™ Financial Education Program, directed at middle school students, was introduced to Rhode Island credit unions in 2007 by America’s Credit Union Museum. The CU 4 Reality™ program includes a comprehensive curriculum originated and taught by teachers with assistance from credit unions that culminates with the CU 4 Reality™ Fair. Many students have no idea what things cost or how hard their parents must work in order to run a household. The CU 4 Reality™ Financial Education Program is a great first step in creating understanding for what their parents manage each month and what life would be like if the student had to start paying for their own expenses. Students circulate among booths to create a monthly spending plan. But, along the way, temptations and unexpected expenses may deter them from their mission. At the end of the day, students have learned what it takes to make ends meet from month to month and have a better appreciation of the importance of budgeting, financial planning, and making wise purchasing choices. The CU 4 Reality™ Financial Education Program is now being implemented in more Rhode Island credit unions through the concept of an outside consulting group that works directly through America’s Credit Union Museum, thus allowing program growth within the state.

Another example of a financial literacy program is Exchange City. Exchange City is designed for middle school students to keep their own city operating and thriving – from the mayor’s office and the police department to the news media, the credit union, and the business community. Both the classroom preparation and the full day Exchange City simulation allow students to learn about different career options, personal finance skills, and their role as consumers and producers in our economy. Students take on roles as politicians, the credit union CEO, a newspaper owner, a police officer, and other business leaders. All in a day’s work, these city officials must make payroll, pay taxes and utilities, and take out and repay business loans.

These programs, along with additional interactive tools, are used by Rhode Island credit unions. Students value the experiences from these programs and gain a much greater understanding of what a real person’s salary is and how they have to divide their income for expenses to live on their own. All organizations involved grow from these programs in so many ways. From a credit union’s own vantage point to the larger collaborative community benefits, the involvement helps Rhode Island credit unions forge new business and community relationships.

Financial education programs extend the mission of Rhode Island credit unions of providing financial education to a segment that is in need. By educating the youth market, the credit unions are also building more sound financial thinking from among future members.



## About Credit Unions

- ▶ Credit unions are not-for-profit financial institutions that adhere to cooperative principles.
- ▶ As of December 2010, 92.6 million U.S. consumers were member owners of 7,605 credit unions across the country.
- ▶ Earnings are returned to members in the form of lower loan rates, higher interest on deposits, and lower fees.
- ▶ Credit unions serve members who have a common bond such as employment, association membership, or residence in a particular geographic area.
- ▶ Every credit union is governed by a board of directors, elected by and from the credit union's membership. Board members serve voluntarily.
- ▶ Congress exempts credit unions from federal income taxes but credit unions are subject to payroll, sales and property taxes.
- ▶ Credit unions are democratically owned and controlled institutions with a "people helping people" philosophy. Each credit union member has equal ownership and one vote.
- ▶ Credit unions assist members in becoming better-educated consumers of financial services.
- ▶ Credit unions are a small but significant presence in the financial services industry. Credit unions hold approximately 6.7% of household financial assets.

Source: Credit Union National Association, Inc.

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# ACROSS THE NATION

In an effort to capture the depth and breadth of existing financial capability programs, the National Credit Union Foundation (NCUF) and its REAL Solutions™ program conducted a comprehensive national study of credit-union provided member and consumer financial education and counseling. The data derived from this study quantifies the extent to which credit unions are providing opportunities for consumers to advance their financial knowledge and decision-making skills.

The data on which this report is based was collected through an online survey of U.S. credit unions. *Credit Unions: Focused on Financial Capability Across the Nation* features an analysis of information submitted by 576 credit unions of all sizes from 45 states. These credit unions represent 8% of all U.S. credit unions, and 27% of all U.S. credit union memberships as of December 2010.

In 2010, credit unions invested millions of dollars to provide financial education and counseling programs that touched millions of lives:

- ▶ **1.6 million** consumers received financial counseling and/or advice through a credit union.
- ▶ Credit union representatives presented more than **24,000** educational sessions to over **600,000** students in classrooms across the nation.
- ▶ **111,500** student members had **\$34 million** on deposit at **1,400** in-school credit union branches that encourage savings and connect financial education with financial access.
- ▶ **1.2 million** members visited or used a credit union online educational tool, resource and/or course and generated tens of millions of page views.
- ▶ **85,000** teens and young adults participated in **1,200** experiential learning events organized or provided by credit unions. Experiential learning provides participants with a taste of the real financial world in a safe and controlled environment.
- ▶ Between **19 and 24 million** credit union members have access to education and/or counseling that deals with the five individual Financial Literacy and Education Commission (FLEC) core concept categories. Credit union financial education/counseling content is designed to develop proficiencies regarding spending, saving/investing, borrowing, protecting, and earning/income.
- ▶ Credit unions invested **\$140 million** during 2010 toward improving the financial capability of members and consumers in general. Whether it be through grants, human resources or budgeted financial resources, credit unions invest heavily in member and consumer financial education/counseling.

The National Credit Union Foundation believes that access to financial products and services should always be accompanied by educational opportunities. In particular, NCUF encourages behavior change through experiential learning and one-on-one counseling/advice. This link between education and impending opportunities to make financial decisions enables people to take action based on newly gained knowledge, resulting in more financially capable and secure consumers.

*Credit Unions: Focused on Financial Capability Across the Nation* represents one of several ongoing projects to assist credit unions with educational program development, measurement, and implementation. In the coming years, NCUF and REAL Solutions™ will continue to gather and publish data about credit union provision of financial education/counseling.

To learn more about the **National Credit Union Foundation** and REAL Solutions™, please visit [www.ncuf.coop](http://www.ncuf.coop). A copy of the full report, and individual state supplements can be found at the **REAL Solutions™ Impact Center** at [www.realsolutions.coop](http://www.realsolutions.coop).

