

What Do Your Youth Program Graduates Graduate To?

by Josh Jones

Educating youth throughout childhood about the basics of good spending and saving habits provides them with the tools necessary to make the right financial decisions later in life. As youth age, financial education should progress with them and build upon what they learned. When they enter the real world, educated and responsible financial decisions should be second nature to them, just as an algebra student knows that $1+1=2$.

With youth financial education, you are establishing a long term relationship with young members. Don't let that relationship go to waste by not following up and actively serving their needs as they grow older. Members aged 18-to-30 need you more than ever as they fast approach their prime borrowing years. Those between 18 and 30 are looking for services to meet a new set of needs, and will be desperate for information.

Do you offer "post-secondary financial education?"

Continuing ed

As youth near age 18, they begin making plans for graduating from high school and pursuing lives of their own. Many will go to college. Some will get married. Others will enter the workforce or the armed forces. This is an exciting, intimidating, and vulnerable stage where hopes and dreams can be dashed by financial realities. This is also a per-

fect time to continue cultivating the relationship your credit union has developed through its youth programs, by offering more financial education.

Remain young adults' primary source for financial information and you'll become their partner for long-term financial success. Build upon the relationship that your earlier financial education established by bundling personal finance information with your services. For example, when you extend a loan to first-time home buyers, offer a first-time home buyer orientation. It can be as

painless as putting together a page on your

Web site with useful information, or it could be a short seminar held at a branch.

Here are some more topics that 18-to-30s are especially interested in—and may be ignorant of:

- *Education costs.*

Higher education and training is of greater importance to young adults today than it has ever been. Not only is post-secondary education vital for starting a well-paying career, it's also important for career advancement. And as education has become more important, its costs have increased. Worse, financial aid has decreased: In 1970, the maximum Pell Grant covered about three-fourths of the costs of attending a four-year college; today it covers only about one-third. In 1948, a \$500 grant allowed a veteran to pay 95% of tuition at Harvard; in 2003, the average federal grant of \$2,421 covered barely 10% of Harvard's tu-

ition and fees. Your help can make a big difference in whether young adult members can pursue the advanced degrees they'll need.

- *The costs of getting married.* The typical age for marriage has risen steadily over the past few decades. With it have risen the expectations for a "dream" wedding, which more and more involves exotic locales and big receptions. At the same time, fewer newlyweds can count on their parents footing the bill—roughly one-third will pick up the tab themselves. Obviously the further in debt new couples are, the harder they'll find it to pursue home ownership and parenthood.

- *The costs of starting a family.* Raising a child is becoming an increasingly expensive endeavor, more so than young adults may realize. According to 2005 USDA report, families with a household income of less than \$43,200 will pay an estimated \$139,110 to raise one child from birth to age 17. Look at household income between \$43,200 and \$72,600 and the estimate swells to \$190,980. Helping young adults prepare for those costs before they incur them can have a profound effect on the future financial security of two generations at once.

- *The costs of caring for elders.* Traditional health insurance, Medicare, and Medicaid simply won't provide the assistance needed if a family member requires long-term medical care. The average annual cost of a private nursing home is now between \$55,000 and \$65,000—\$150 and more per day. A young adult with the pressures of a family, a mortgage, credit card debt, and other financial responsibilities will not be able to manage the expense of a parent's long-term medical care.

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Support system

Many credit unions are concerned that resources used to educate youth will be wasted when these young people grow up and leave. In fact, many young adults never leave home and others return home after college or serving in the military. The Census Bureau reports that 50% of all 18-to-24-year-olds, and 27% of all 18-to-34-year-olds were living at home in 2003. Therefore, the youth your credit union established an early relationship with will still be around to take advantage of your credit union throughout their adult years.

But even if these young members move away from home, and away

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from your credit union, remote services can keep them in the fold. For instance, young adult members—adept at computer use—are looking to obtain car loans, student loans, credit cards, and savings accounts without entering a credit union building. These services are also very important to helping youth reach their goals as young adults. Online services and check card services provided by your credit union also can help young adult members remotely maintain full membership.

When youth don't receive financial education, we unwittingly plant the seeds for the financial mismanagement of 18-to-30-year-olds. And by not following up on the instruction we gave children and teenagers, we remove financial literacy support just

when the stakes for mismanagement skyrocket. Young people must then manage their finances without the advanced skills that they didn't need or want when they were younger.

Continuing to educate young adults not only helps them make better, more educated financial decisions, it also helps your credit union. Young adults who are able to manage their more-complicated finances responsibly are now in a position to take advantage of additional credit union services. Your credit union becomes each young adult's trusted financial partner, able to responsibly handle necessary debt for a lifetime. ■



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