

ROUNDTABLE

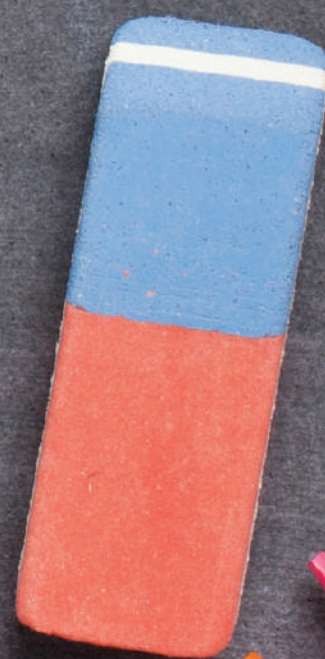
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MONEY MATTERS: THE STATE OF FINANCIAL LITERACY



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ROUNDTABLE

Louisiana lawmakers in 2016 passed House Bill 401, which requires public elementary and secondary schools to offer instruction in how to manage money. The legislation says that each school must offer instruction in personal financial management through the teaching of personal management skills and the basic prin-

ciples involved with earning, spending, saving and investing. The law stipulates that teaching should be integrated into an existing course of study, and it was changed from an option for teachers into a requirement. Fidelity Bank is partnering with local schools to help teachers integrate this education into their

classrooms in order to prepare students for successful financial futures. On Aug. 4, representatives from Fidelity, Jefferson Parish schools, the Louisiana Legislature, the Federal Reserve Bank, Jump\$tart Coalition and the Louisiana Council for Economic Education gathered for a roundtable discussion on the issue.



NATALIE CHANDLER

MODERATOR

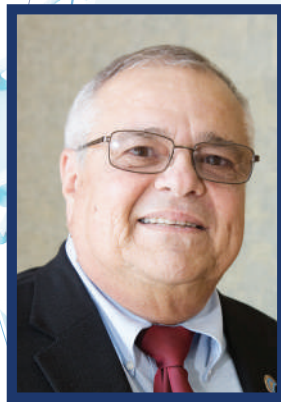
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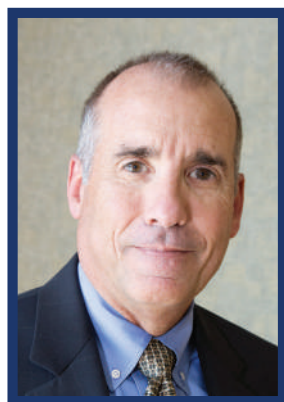
Assistant Principal Rudolph Matas Elementary School



CLAIRE LOUP

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Federal Reserve Bank of Atlanta, New Orleans Branch, Economic and Financial Education Specialist, representing Jump\$tart Coalition of Louisiana



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REPRESENTATIVE JOHN M. SCHRODER

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Co-author of House Bill 401



LAURA SMITH

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Louisiana Council for Economic Education, representing Jump\$tart Coalition of Louisiana

CHANDLER: Financial Literacy seems to have become a catch-all phrase, so I wanted to have you best describe what financial literacy means to you. Chris?



FERRIS: As bankers, when we teach financial literacy we talk about the economy, and how money works both for individuals and businesses. Some of the common components of financial literacy for us are savings, investing, spending, credit and financial leverage. It is important for business owners to understand how to use financial leverage to run and grow their business. We believe that teaching these types of principles at a young age is paramount. When our young people are faced with financial decisions, we want to make sure they're armed with the knowledge to help them make the right decision.



SCHRODER: I represent people. So I look at it from a very basic standpoint: Do the young people who this legislation was geared towards have the basics of understanding finances? I would tell you as an entrepreneur and businessman for almost 30 years, I see it all the time. People come to my office and they don't even know what a budget is, but they're looking to open up a business. Every single person in America is going to have to understand finances at some level. They may never step foot in a bank for a loan or deal with loan officers, but they're all going to deal with finances in some way with a credit card or a checkbook. I remember when I first entered the military, my roommate got in trouble for writing a check and didn't realize that just because you had checks in your checkbook didn't mean you had money in your checking account.



SMITH: I think for me, as a mother, as well as in my capacity with the Louisiana Council for Economic Education, financial literacy starts with families. If we're not addressing these issues with our kids, we are doing them a tremendous disservice. It is going to affect everything they do and every opportunity that they have. So that's where it really starts, to me, is with family.





BONURA: As a teacher, for years I've always taught economics in my civics classes. And I think it's very important that we do this. One of the things that I used to tell my students is the old saying: "If I only knew then what I know now." We have to teach students that in the future you need Financial Literacy knowledge if you want to succeed. It used to be that the first thing college students saw when they went to register for their classes was somebody at the end with a clipboard trying to sign them up for a credit card. I have statistics that state undergraduates have three credit cards before they graduate. Those who graduate have four cards. So, we wind up with young adults in financial trouble before they even start their careers. I support financial literacy in the classroom. In the past, financial literacy has only been taught in select years, but with the new legislation we will be teaching it from second grade on. And it's going to be great.



PICKETT: On the retail side of the bank, we see firsthand what happens when people don't understand finance, how to balance a budget, and how to balance their checkbook. People incur unnecessary fees. One of the best classes I had in high school taught me how to balance a checkbook. And I have taken that with me for rest of my life. I still balance my checkbook. Financial literacy is important because it just gives students basic knowledge early on.



BAER: For a large part of my career, I have been involved with employee development at banks. So I approach financial literacy from an educational perspective. I believe it's important to make sure that students have an educational base throughout their school years so that as they get older, they're better informed to make the financial decisions that they need to make. It's not just for the big things but the little things as well- like realizing you can't make purchases if you don't have money in your account. We need to make sure students are exposed to appropriate materials at different stages in their development so that they understand how important it is to manage their financial health.



LOUP: In my role at the Federal Reserve as the educational specialist, I have been involved in education for 30 plus years. And throughout that time, a couple of things have happened. The way I define financial literacy is this: It's not only knowledge but it is action; it's putting it into play. You can't teach personal finance in a vacuum. We have to know how we fit into the economy as a whole. Decision making is a key concept of economics. Teaching the key concepts of economics seems to have been lost, particularly in our state. Children will not learn this through osmosis.



GURTNER: I have an elementary education background. A lot of financial literacy or economics is taught at the high school level. When we do teach economics at the elementary level it focuses more on trade-buying and selling and history. Fidelity Bank implemented their Youth Savings Program in one of our fifth grade classes. It was amazing to learn our fifth graders did not know the difference between a debit card and a credit card. They did not know where their family's income came from. They didn't realize even basic income that their parents went to work and brought home a paycheck because they don't see that; it goes right to the bank. And so the fact of earning money and saving money and how to utilize that money, it needs to be taught. And it needs to be taught at a young age because no one can wake up and learn something in one day. We don't learn our multiplication facts in a week in the third grade; we learn them over time. And so I think financial literacy is something that will have to be learned over time. It needs to be broken down into small steps at the elementary school level.

CHANDLER: Chris, as a banker, could you tell me some of the gaps that you have seen in financial literacy and what impact they have on the consumer and the bank?



FERRIS: The savings rate in this country is abysmal, and when you compare it to earnings and the amount of debt that we take on, it's clear we spend too much and we save too little. And that's been the story for a long time. There has been some improvement since 2008, as we do save a little more as a society, but not to the level that we need to so that we can support our families or even ourselves in the case that something unexpected happens. Also, we see an overall lack of knowledge and experience dealing with credit and the importance of building and maintaining good credit. And it's not just for consumers but business owners, too. We live in a great city and a great state that has a lot of tremendously intelligent, bright people who have wonderful ideas, small business entrepreneurs solving problems, making our lives better. Often entrepreneurs and business owners lack some basic financial skills like understanding cash flow and leverage. As a Fidelity banker, filling the financial knowledge gaps that exist in our community is a win-win. When people win, the bank wins also. It just makes sense that we work together to try to find ways to fill some of these gaps that we see most often at the bank.

CHANDLER: Claire, Jump\$tart is a 501(c)3 that works together to bring organizations that share a commitment to advancing financial literacy among preschool through college-age youth. We have a chapter here in Louisiana. How would you define the state of financial literacy in the nation and more specifically Louisiana?



LOUP: The Council for Economic Education has numerous statistics available. In its annual Survey of the States compiled in 2014, we have 20 states that required students to take an economics course or a financial literacy course. In the past, Louisiana has a requirement that a course be offered but not a requirement

that the course be taken. We cannot assume the students are going to take that the valuable course offered, so we had a lot of mountains to climb in this regard.

CHANDLER: Is the gap in financial literacy unique to the United States, or is this a global concern?



LOUP: Apparently, it is not limited to the United States. There is some research across the world, and the United States participates in an assessment done by the Programme for International Student Assessment. The assessment is done every three years. So right now, the data is from 2012, as the 2015 data is not yet available. The test examined 18 countries including the United States and measured financial education and financial knowledge in 15 year olds. And the United States scored in the middle. The mean score for all of the 18 countries that were tested was right around 500. The United States came in at 492. So, we're not even hitting the mean.



CHANDLER: Claire and Laura, if a person didn't receive the financial literacy training that they needed in school, how can they play catch-up?



SMITH: There are a couple of different ways. There are some really great programs out there right now. The colleges and universities are a great resource for people who have graduated high school without any financial literacy education. I know that we actually work in partnership with some of our centers at colleges like Southeastern, LSU and McNeese to provide noncredit programs. The Louisiana Jump\$tart Coalition is a great resource, because we have such a great and tremendous group of businesses like Fidelity Bank that have their own community outreach programs. If there is a specific need that someone comes to the Jump\$tart Coalition with we will find a program for them.



LOUP: There are lots of resources out there, not only for students and teachers, but also for the general public. Personal finance is personal, so you have to find what works for you. The Federal Reserve Economic Education Outreach has programs across the country and it is run by former educators like myself. We also have an outreach geared to the community and economic development. Resources are available in classroom setting or even online.

CHANDLER: Rep. Schroder, one of the ways we hope to improve is through the recent financial literacy legislation that passed. What was your involvement with that?



SCHRODER: I was a co-author of the bill. And being a small business entrepreneur, I knew it was important. And as a businessman, it's one of the things that I believe is very critical. And some of the basic things that we have moved away from as an education community, we need to go back to that, because every child at some point in their life is going to deal with his or her own finances.

CHANDLER: Give us a little history on what the legislation means for parents, students and educators.



SCHRODER: The legislation is meant for us to learn to crawl before we walk. I have sat on the education committee. I have been married for 31 years to an educator, so I am also cognizant of the teachers' role and their unbelievable duties they have today compared to what it was 30 years ago. They're everything in the classroom. So as a legislator, I'm very sensitive to passing on unfunded mandates to these teachers.

CHANDLER: Do you think the recent legislation is far enough reaching, and how can the community help cover any gaps?



SCHRODER: I'm not an educator. I think you have to respect the education community and all the things that they have to do in a day. I think from the community standpoint and how they help, I think industry can be a big player because obviously, this is a big issue to the banking industry. The banking industry was part of that, and support by the Louisiana Bankers Association was critical. I do believe that industry should play, and will play, a big role on how this gets implemented and what do we do after the first couple of years and see how it's progressing.

CHANDLER: On that note, is it important to have Financial Institutions at support the system and work with your team to help improve financial literacy?



BONURA: This is the key part here is that the business community is working with us. We have to make partnerships in schools like Fidelity Bank has done with Rudolph Matas. Having the business community involved helps keep the cost down for the school system, and that is critical.

CHANDLER: Liz, how is financial literacy typically incorporated into the curriculum?



GURTNER: Financial literacy in the sense of what we're discussing here today is not incorporated into the curriculum. Our teachers teach from the standards that the state gives us, which have changed over the years. So I think it varies over the years as to what's implemented. If the concepts are required testing, it is definitely taught in some way. But that doesn't mean that it's brought meaningfully to the children. And that's what we're missing; what is meaningful to the children. It needs to be meaningful in their lives. And I don't think we have had that. Teachers are doing the best that they can with what they have and are using the resources available from organizations like Jump\$tart and Fidelity Bank.

CHANDLER: What do you see as the key benefit of financial literacy education for your students?



GURTNER: I'd like to say financial independence for when they become adults. Everything in education that we do is to prepare our students for life. And we don't know what life is going to be like and what it will bring them. Kids need to be able to make informed decisions, and you can't make an informed decision if you don't have the knowledge. The world has changed so much that, as Rep. Schroder said, many parents don't understand key financial concepts. It falls back to the school, and we are not the experts. I think it is very important that the banking and business industry is willing to give assistance and share their knowledge. We are very fortunate that Fidelity Bank stepped up and worked with us to create a program. This class' math teacher even learned a thing or two that she didn't have a clear understanding of. Connections were made. Also, having Fidelity provide the materials saved us time and money. Normally, a teacher has to prep and plan for hours, and in this case it was all done for us.



FERRIS: At Fidelity Bank, we want to be a partner to teachers. We want to be the partner to the parents. We see ourselves sort of as the experts. We don't have all the answers, but we do know the banking industry's involvement is critical and that's where Fidelity Bank wants to lead. We were chosen as one of two Louisiana banks to participate in the FDIC's Youth Savings Program. We are very proud of that. When we talked about getting involved in the pilot, at the bank we thought about when we learned about managing our finances and it became very clear we should take a leading role. I recall when I was 24, and it was my brother that was explaining to me what a savings account is and the difference between checking and savings. And then from there you build into a money market, then a CD and so on. But for me, by then I had already made several

poor financial decisions before I even got out of college. So by teaching the basic principles of financial literacy early, partnering with teachers in an attempt to make learning these concepts simple, easy and fast for them, to administer lending our expertise and resources like our human capital to the process, that's where we know Fidelity Bank can make a difference.

CHANDLER: Liz, how will your curriculum need to change to incorporate the new legislation?



GURTNER: Well, we're pretty good at changing curriculum and developing curriculum because it's what we do. You give it to us and we design it. The Jefferson Parish school system has developed a plan of how to implement it. If Fidelity Bank is going to be working with other schools, I think that is great because they did an excellent job in our fifth grade class, and it was just a snippet of what they were going to do. Business partners are crucial to the success of the programs. We need the experts to come in and stand next to our teachers to help and support them. If we could get them in even more areas, it's meaningful. When someone from the community comes into the classroom, it is something different from the routine and it brightens up the kids so that they want to listen.

CHANDLER: David, I understand Fidelity was selected to participate in a pilot program by the FDIC addressing financial literacy needs. Explain what the process is and what the FDIC hopes to learn.



PICKETT: In early 2015, the FDIC released a financial institution letter outlining the Youth Savings Program and asking banks that were interested to apply. Little did we know that the application process was like a really intense job interview. Fidelity Bank had to be in good standing with the FDIC, which we were. Then we had to submit a detailed plan that explained what grade and schools we would target. Getting into the schools to teach has been the hardest part. We were grateful that Rudolph Matas was so open to the idea. After more extensive interviews were conducted, Fidelity Bank was pleased to learn we were one of 11 other banks across the country that were selected to be part of the program. The FDIC went through the selection process because they want to make sure that they have banks that are going to be successful and then they can share the knowledge with other banks so that they can spread the program across the country and create best practices.

CHANDLER: Robert, what makes Fidelity's Youth Savings program different from other alternatives out there?



BAER: There are a couple of things. Students who are participating in the program have the opportunity to open up a savings account with as little as a dollar. Normally, a minor would be required to have a parent be a joint account holder with them on an account. We were able to modify that requirement so only the student has to sign on the account. This exposes the child to banking and they get to learn about many different parts of the process including opening an account, making a deposit or withdrawal and understanding a bank statement. As early as fifth grade, they're managing their own money. The FDIC created curricula that range from pre-K all the way through older adults. It provides financial literacy materials to specific learning groups: pre-K to 2, 3 to 5, 6 to 8, 9 to 12, young adults, adults and older adults. What is important to the educators is that the materials are tied back to Common Core and Jump\$tart financial literacy standards. It makes it easier for the teachers. If they have to teach a specific lesson, we can customize and map back to the standards. Fidelity Bank is committed to the program's success. We also offer Train the Trainer courses to assist the teachers who want to deliver the material themselves. Far be it from me to tell an educator how to teach in their classroom. I'm married to one. If I try to do that, it's really not a good day for me. So when we train the teacher, we conceptually talk about the content and how it maps back. Then the professionals can effectively deliver the content in their classrooms and reach out to us when they have questions. Like most recently, I had a teacher contact me to help explain Apple Pay, which is relatively new in our market. We are more than happy to do it.

CHANDLER: Laura, the burden of financial literacy should not fall 100 percent on the school system or the government. What would you say are one or two things parents can do to help prepare their children?



SMITH: Communication is really important. We have such difficulty getting past our generational behaviors. My parents didn't talk to me about financial literacy. In fact, it was considered rude in my house to do that. I know it was certainly the case for their parents as well. Now as a mother of two small boys, I have to make a decision to have the conversation, because anything that within a family unit that's sort of shrouded in secrecy has a level of taboo to it. Parents need to start having this conversation with kids. Of course, there are parameters. Experts will tell you there are certain phrases that you shouldn't use with your kids. Experts suggest you do not say things like "We can't afford that," because if you do have a child who's a worrier, then they're going to see that as a psychological struggle. Instead, ask them about priorities. Discuss wants versus

needs. Open the lines of communication. Taking every opportunity as teachable moments has huge beneficial outcomes.

CHANDLER: Just in a quick search for financial literacy resources, hundreds of items come up. What's the best way for a teacher, an educator and a parent to make sense of it all? Chris, we'll start with you.



FERRIS: Look to partner with your bank. At Fidelity Bank, we strive to be your financial partner. Also, one should utilize our local nonprofits like the JumpStart Coalition, and the resources available online from the Federal Reserve and FDIC who are also skilled at this. We believe human capital and industry experience is what is needed to really deliver effectively, consistently, and over the long term. That's why we feel so strongly about being involved.

CHANDLER: Laura, what would you say would be the best way to make sense of all the financial literacy resources out there?



SMITH: Use the experts that are out there. The JumpStart Coalition, has a clearinghouse of resources. The Council for Economic Education also has a tremendous clearinghouse and a really great program, especially for educators. EconEdLink is a free website that parents and teachers can use. There are thousands of free economics lessons, apps, games, all kinds of different simulations.



BONURA: I'll make it simple: It starts at home, period. There are tons of resources, but the parent has to share in the responsibility to ensure long term success.



LOUP: Get the word out by engaging in outreach programs. Laura and I worked with the JumpStart Coalition last year on an event in Livingston Parish, and we hosted a Financial Literacy Month. We brought together all kinds of resources, whether it be financial institutions, insurance, you name it, it was there. We had it as a Financial Fitness Night and created a trade show that was geared toward financial issues. There is also professional development available for teachers via the Federal Reserve. There are resources there not only for you to use in the classroom but there are resources available for you to have that kind of professional development for teachers. It's getting the word out. And I think that's probably if more people know what is available, we could make better use of these resources that are available.



GURTNER: When you search for that "What is financial literacy?" I found over 400 websites that took me to so many different places. There were five different standards for financial literacy out there, five different national standards from five different companies that were referenced in one quick search. There are almost too many resources. As educators, we need to narrow the focus. Our school system is going to try to help us with the curriculum by giving us some sort of focus as to grade level components. What we really need is the help of experts, like Fidelity Bankers, but we're going to need somebody to help us focus. Because in the grand scheme of all the benchmarks and standards that we have to teach, for us to now go out and look at thousands and thousands and thousands of pages and then develop a lesson from that and make it meaningful to our students is tough. If financial literacy is one of those things that we truly believe in, then we need to make the time for it. We need to fit it in, whether it's in math, whether it's in civics or social studies at the lower level. We need someone to help us. We can't keep doing it ourselves. We need someone to narrow down these resources. We need steps to help educate our parents.

CHANDLER: Robert and David, you are the lead instructors at Rudolph Matas for the recent Youth Savings Program. What were the concepts covered during those classes, and how have the kids responded?



BAER: We discuss buying decisions, goal setting, learning how to make a budget, time management, savings, payment options, the difference between a debit card and a credit card, introduction to investing, earning interest, and charitable giving. Then, we explore careers and incomes. Since this program is delivered over multiple days, we reviewed content covered on previous days and it was interesting to see how the students actually understood and internalized the concepts.

CHANDLER: Were there any lessons you learned by participating in the project?



PICKETT: First, I realized that of all the training I've had in my life, standing in front of that fifth grade class I realized I wasn't ready. That was a really scary experience before we started. I have a complete new level of respect for teachers. What they do on a day-in, day-out basis is amazing. The second thing was never to underestimate what kids were capable of learning. We weren't really sure if the fifth graders were going to be able to understand the concepts we were presenting. But they understood it; we'd come back the next time, they would repeat it back to us. Being a part of this with Fidelity Bank has been the most rewarding project that I have ever worked on in 27 years of banking.

CHANDLER: In closing, is there anything anyone would like to add?



SMITH: The National Association of School Boards in 2006 came out with a study that very clearly illuminated the connection between students graduating from high school in districts or states that had a mandate for personal finance, financial literacy, versus those that did not and their personal net worth and the difference between those two situations. And so we know every life is going to be impacted by their level of financial literacy.



PICKETT: Fidelity is proud and honored to be part of the FDIC's Youth Savings Program and to be able to partner with schools in the community to help. I see firsthand what can happen to folks and their credit ratings when they make mistakes. We're proud of the partnerships we have with Rudolph Matas and we look forward to growing more partnerships in the future.



LOUP: Financial literacy is a life skill. And I don't believe it can be looked at only within the confines of education. One of the things that we need to probably dispel is the idea of assumptions when it comes to financial literacy education. We now teach children how to wash their hands instead of assuming they know the correct way. We have spent many years assuming that learning how to deal with money is taught at home. And home is assuming that learning how to deal with money is taught at school. There is no correlation, in my mind, that says intelligence or college attendance relates to good money skills. That is clear and evident with the rate of student loan debt. It's something that we need to infuse in life. So as we try to figure out ways to put it into our curriculum, there are many opportunities to continue to teach financial literacy across all courses.



GURTNER: Communication is going to be the key here. Because I can tell you when I walk into the school building on Monday and I face my 75 teachers standing there, and they watched the news last week and it came across that the state put legislation that we're going to teach financial literacy, I can guarantee you probably 60 or 70 percent are probably thinking, one more thing. Because that's exactly what was communicated. They're willing to roll their sleeves up, and they're going to do anything y'all ask. We just need the support. I want to say thank you for the support you're sending us, because we need it.



FERRIS: This is too important to the long-term success of our communities for us not to be supportive as a bank and to be involved and take a lead role when we can. We don't have all the answers, but we can rely on Laura, Claire and others to provide us a lot of the resources. We can help the schools with the delivery; to be

there supporting our teachers as they deliver the content to our young people. And the impact that I, that all of us at Fidelity and that those of you in this room believe we can have is significant and will help change a lot of lives. We can change our communities for the better through financial literacy and education. It's great that we're at where we are now with the new legislation and with the help the legislative branch has provided us to move some of these things along. We've got a long way to go. It's a journey that will go well beyond the 90 minutes that we have at this roundtable. I know we will make a significant positive impact working together to help support our communities' financial needs which will lead to long term personal success of so many that we serve.

If you are an educator and would like more information on Fidelity Bank's Youth Savings Program, please contact Robert Baer at Robertbaer@bankwithfidelity.com

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We are about building a community with relationships that have spanned generations. Our customers are at the center of everything we do. In fact, we are owned by our customers. So what's good for you is also good for us – smart decisions made locally instead of by Wall Street.

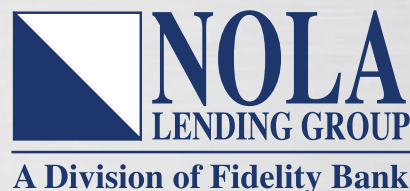
Fidelity Bank and our mortgage lending division, NOLA Lending Group, give back to the non-profit groups that are important to you. And there are a lot of them including Housing, Art/Culture, Education and Wellness initiatives. It's business as usual for Fidelity.



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