

# Comprehensive Financial Literacy Program

*This outline details the National Black Church Initiative's (NBCI) Comprehensive Financial Literacy Program, which will provide critical education and outreach to help its 34,000 churches and 15.7 million members. NBCI's groundbreaking program will give African American families the confidence and tools they need to navigate their finances and manage their money. Every African American – and their family – deserves sound financial education.*



While these are challenges for all Americans, the study brings to light unique characteristics of the African American community. The findings show the African American financial experience is defined by clear family-oriented financial priorities, solid participation in employer retirement savings plans, a focus on protection-oriented financial products, the significant role of faith-based institutions in financial education and optimism for the future.<sup>1</sup>

<sup>1</sup>Charles Lowrey and Sharon Taylor, *The African American Financial Experience*, 2013-14 Prudential Research

## Twelve Steps to Financial Independence

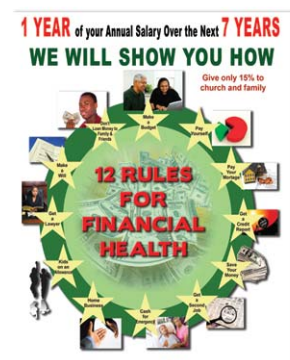
### 1 NBCI User Friendly One Stop Financial Assistance Website

As a result of the recession and dire need for financial literacy resources, NBCI plans to revamp portions of its website into a user-friendly, step-by-step guide for African American and Latino families and individuals. This online tool will provide access to critical financial tools provided by key government and finance industry partners. NBCI's online tool will be a one shop stop for families who find it difficult to navigate other websites. Our information will be updated, relevant and include easy-to-understand, culturally relevant language. For instance, if a family is looking for information on home mortgage modification offered by the federal government, we supply all relevant links from government agencies, alongside easily accessible, annotated descriptions.

### 2 Saving One Year's Salary Over The Next Seven Years

NBCI wants every African American family to save one year's salary over the next seven years. Sound budgeting practices and early savings will help prevent irreversible damage like we saw during the most recent recession, much like the most recent recession. NBCI's founding principle is that each family should have enough savings to sustain their family for one year, housed in a safe, high-yield account such as CD. 12 Critical Rules underpin the NBCI

Make a Budget	Pay Yourself	Save Your Money	Start Emergency Funds
Pay Your Mortgage	Get a Lawyer	Start Home Business	Get a Second Job
Set Allowance for Children	Get a Credit Report	Make a Will	Be Wary of Loaning to Family & Friends

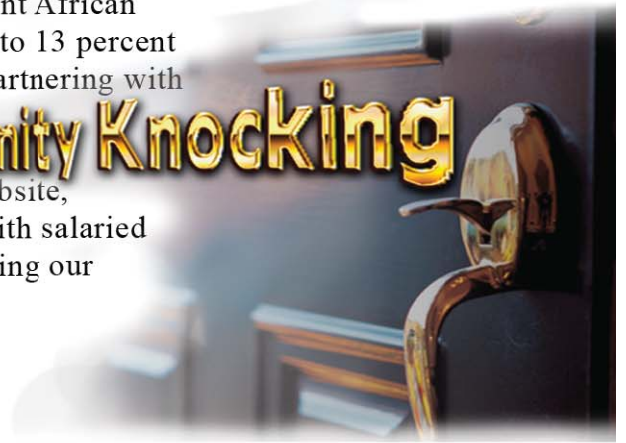


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### 3 Helping Members Find Adequate Employment

Unemployment in the black community is most stubborn market indicator to tackle, and has consistently and tragically slowed African Americans' economic recovery. Sources pinpoint African American unemployment rates at anywhere from 11 to 13 percent. NBCI is working hard to reduce these numbers by partnering with a number of industry leaders. To date, we have made a self-sustaining, aggregated job search engine site within its own website, specifically for its members. Our jobs are sourced with salaried positions with fringe benefits in mind, aimed at helping our college-aged congregants.

Opportunity Knocking



### 4 Online African American Market Place

NBCI is partnering with Appleseed Donation and Goodsearch.com to create an online marketplace for African Americans. Here our members will be able to access e-coupons and cost-saving strategies, while simultaneously giving back to their faith-based communities. We have negotiated a discount with over 600 online stores such as Amazon, Macys, Target and Sears to help make our members become savvy shoppers while simultaneously learning everyday computer literacy skills.



### 5 Pay Your Mortgage First



African Americans have struggled during the recession with budget prioritization. Knowing where to spend scarce resources is an important tool and will be a key focus of NBCI's Savings Program. The *Mortgage First* principle will help address the dual problems of increasing our members' financial wellbeing and providing housing security.

The *Mortgage First* principle also underpins NBCI's CommunityBuilt Program. A family must do all it can to access technical assistance the moment they struggle with mortgage payments. Mortgage First will allow NBCI to serve as a facilitator between lenders and African American homeowners.

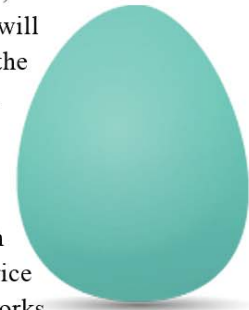


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## 6 Saving for Your Children

In May 2014 **NBCI** announced a ground-breaking strategic partnership with TrustEgg, Inc. This collaboration will bring **TrustEgg**'s expertise and resources to **NBCI**'s nationwide membership base, with the ultimate goal of starting one million savings accounts for children. This collaboration will leverage **TrustEgg**'s financial resources to bridge the socioeconomic divide affecting the black faith community, adding to the 125,000 families **NBCI** has already educated on financial literacy issues.

**TrustEgg** was officially launched in 2013, when Jeff Brice brought his vision of an easy-to-use savings solution for his niece's future to life, one that could be shared with the entire family. With the impact of social media **TrustEgg**'s reach flourished, and Brice had created a revolutionary child savings product, leveraging the power of social networks such as Facebook and Twitter.



## 7 Dream Company

In partnership with the **Dream Company LLC**, **NBCI** set out a mission to provide additional funding channels in the midst of a weak economy. Through this partnership we will address the need to grow philanthropic giving as an essential element of the church's financial future.

The **Dream Company, LLC** has developed a unique legacy giving initiative designed to "Insure the Future" of both the church and its members through affordable Term Life Insurance. "Insuring the Future" is structured to guide families to financial well-being, while providing them with an opportunity to support their local church. Legacy donors help carry on the church's mission and ministries - supporting the clergy, staff, foundation or general church fund in the following ways:

- o The church is an all or partial beneficiary in each participants' gift
- o Gifts are perpetuated by the investment of funds
- o Financial security of participating members leads to increased support
- o Financial security enables charity for other financial concerns of the church
- o Bereavement funds of the church are not exhausted



## 8 NBCI Money Booklet

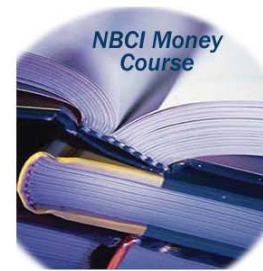
The **NBCI Money Booklet**, currently in publication, is both unique and effective in that it knows its audience. A thoughtful and comprehensive layout allows individuals and families to get a complete picture of their assets and liabilities in an easy-to-read, unintimidating format. Having their financial scorecard at their fingertips will give users a sense of control over their money and encourage smart financial decisions. **NBCI**'s Money Booklet will consist of information including but not limited to – salaries, tax status, insurance, stocks and other relevant financial data.



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## 9 NBCI Online Money Course

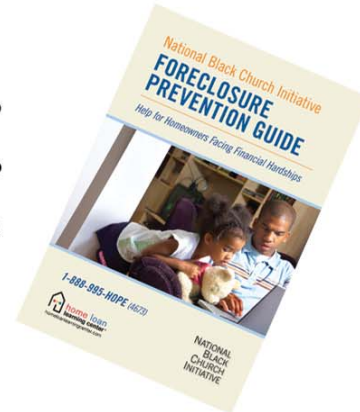
NBCI's Money Course is a take on Finance 101. Its curriculum will make money management easy to understand, and break course material down into adjustable time frames spanning from either six months to up to three years. These Money Courses will cover NBCI's Spending Program fundamental principles and give students the tools they need to feel confident and financially literate. Minorities, especially African Americans and Latinos, will be encouraged to enroll. Over the course students will be given an NBCI Money Booklet alongside other relatable and accessible course texts. Our inaugural class will begin in the fall of 2014.



## 10 NBCI Financial Advisors

Many of our **15.7 million members** engaged in financial literacy either through NBCI's Money Booklet or Money Course will need to assess whether or not they need a professional financial advisor. NBCI is currently in negotiations with financial industry leaders who plan to offer their services to its membership. To start, NBCI has identified over 350,000 families who meet the standards of needing a financial advisor to help navigate asset and wealth management.

Over the past two years though its financial outreach initiatives, NBCI has rebuilt trust these families had lost in financial institutions after a deep period of mistrust following the mortgage crisis.



## 11 Digital Church Offerings

NBCI is working with TransFirst and **United Bank of Virginia** to move its 34,000 churches into the digital age by changing the way they collect tithes and offerings and conduct the church's financial businesses. Our goal is to make sure that each church has the digital capacity to conduct business online. This will give the church the ability to receive contributions through its website utilizing credit or debit cards – as well as to pay its bills online.



## 12 NBCI CommunityBuilt Program

Over the past five years we have worked with JP Morgan Chase and other financial institutions to provide homeowner education focusing specifically on educating first-time home buyers. One project, **CommunityBuilt**, brings together churches, community leaders, civic organizations and the National Realtor Association to strengthen communities through strong housing education and civic pride.

We would welcome the opportunity to work with your firm to expand this extraordinary program to an additional 50 cities.

**CommunityBuilt** is founded on three building blocks:

- I.** Work with city leaders and key housing experts and community stakeholders to make foreclosed homes available to middle class families.
- II.** Provide those families with financial literacy classes and emphasize the mortgage first principle, and continue to mentor these families over a ten year period.
- III.** Each family served in turn commits two years of volunteer service towards the goal of **Community Built**.

**CommunityBuilt** has helped over 1,700 families throughout the country through technical assistance, home modification, volunteers, and small homeowners' grants and connected them with housing community development corporations. We are in need of a grant of one million dollars to sustain this extraordinary momentum to continue helping these families and build strong communities.

As a result of working in 17 cities, we have created a housing volunteer force of 23,000 in a number of cities including New York, Miami, Atlanta, Charlotte, Baltimore, Richmond, Philadelphia, Savannah, Prince George's County, Washington DC, Cleveland, Chicago, Detroit, Dallas, Ft. Worth and Los Angeles.





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## EXTENDED FAMILIES, EXTENSIVE PRIORITIES

### Financial Ties Link the Generations

Multi-generational households – with parents, adult children and grandparents – are more common among African Americans. Moreover, African American families are also particularly likely to provide support for extended families regardless of whether they live under the same roof.

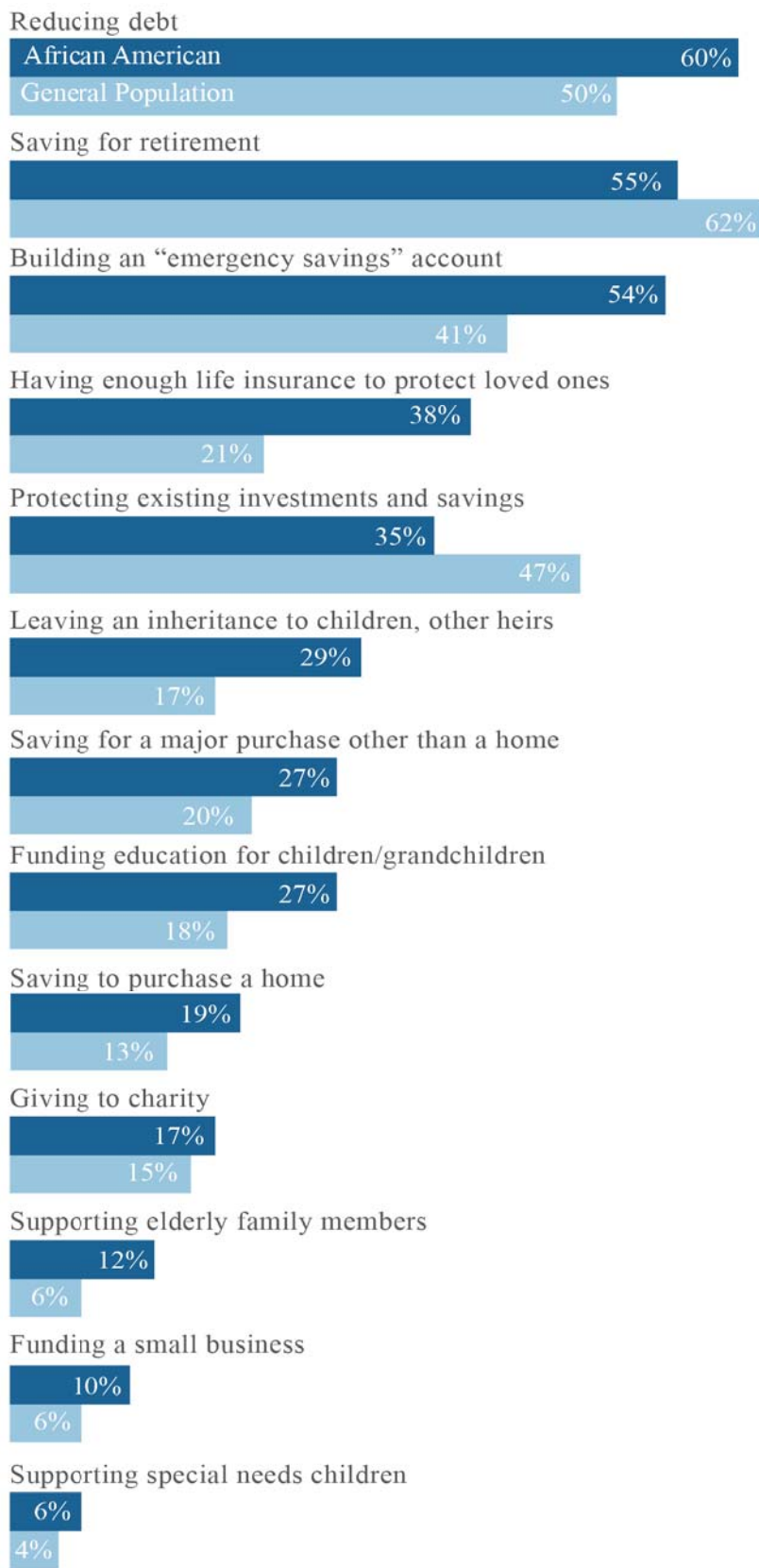
About 6 in 10 African Americans provide financial support to someone else. African Americans are significantly more likely than the general population to financially support parents and other relatives.

The so-called “sandwich generation” – those supporting both younger and older family members – is especially prevalent in the African American community. One-third of African Americans are financially supporting children under 18 or grandchildren, and 9% are supporting parents or grandparents – both higher than the general population (25% and 4%, respectively).

### Financial Priorities

The top three financial priorities for African Americans, each chosen by more than half of respondents, are reducing debt, saving for retirement and building an emergency savings account (Figure 11). A second tier of priorities includes life insurance and protecting existing assets.

The general population shares the same priorities, although the order varies slightly. Differences emerge further down the list. Reflecting the multigenerational and extended family structure, financial priorities centering on family – from supporting elderly relatives now to leaving an inheritance later – are significantly more important among African Americans.



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## THE AFRICAN AMERICAN FINANCIAL EXPERIENCE TODAY

### Growing Economic Power

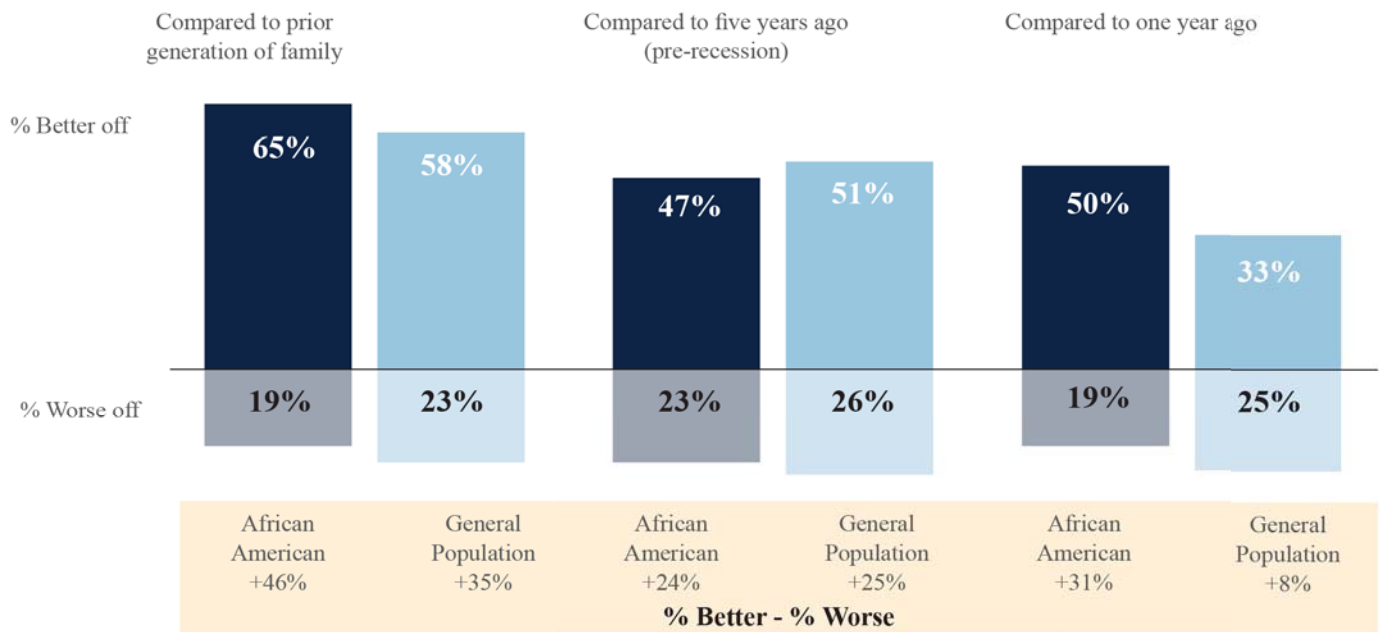
The African American community is a growing economic force fueled by an increasingly powerful middle class. Thirty-nine percent of African Americans surveyed have annual household income of \$75,000 or more – including 24% earning \$100,000 or more.

Based on Census figures, this relatively prosperous group represents about 5.6 million U.S. African American households.

About one-third (35%) of African Americans surveyed have \$50,000 or more in financial assets, including savings, investments and employer-sponsored retirement accounts.

The emerging middle class shares many of the financial challenges of the larger community, including debt reduction, supporting more family members on a single income, access to financial advice and achieving retirement security.

### COMPARING YOUR FINANCIAL SITUATION TODAY TO THE FOLLOWING TIME PERIODS, WOULD YOU SAY YOU ARE...?



“ African American buying power will increase 73 percent between 2000 and 2012, which not only overtakes the 60 percent increase in Caucasian buying power, but also the 67 percent rise in total buying power of all races combined. Two factors contributing to the gains include a 61 percent increase in Black-owned businesses in the five-year period between 2002 and 2007, and 84 percent of Blacks over 25 years of age completing high school or college – a sharp increase from 66 percent in 1990. ”

- *The Multicultural Economy*, Selig Center for Economic Growth, University of Georgia, 2012

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## Focus on Protection versus Investment Products

African Americans own insurance products, such as life and disability, at equal or greater rates compared to the general population. However, African Americans are about half as likely to own investment products like IRAs, mutual funds, stocks and bonds, reflecting a **trend toward saving rather than investing.**

## Participating in, but not Maximizing Retirement Plans

Nearly half of African Americans have a workplace retirement plan, such as a 401(k), and **8 in 10 eligible to contribute to an employer retirement plan are doing so.** Yet many continue to contribute less than their employer match or take loans from their plan. A major barrier to maximizing participation is the lack of education about how these plans work.

## Financial Decisions Shaped by Family and Faith

This year's survey re-emphasized the **important role of family and faith.** African Americans are more likely to live in intergenerational and female-headed households, and to financially support family members. More regular church attendance is accompanied by greater reliance upon faith-based institutions for financial information.

## Want a Stronger Connection to the Financial Industry

As in the inaugural survey, only about a quarter of African Americans feel any financial services company has effectively reached out to the community. Across income levels, **African Americans are 13% less likely than the general population to have received contact from a financial advisor.** The majority believes that working with an advisor could help.

Establishing trust with the African American community requires a strong code of business ethics and high-quality products and services. African Americans also expect companies to have presence in the community, provide financial literacy information and demonstrate diversity in hiring and advertising.