



# Montana Financial Education Coalition NOTES

— A National Jump\$tart Affiliate —

## President's Note

Welcome to our Summer 2004 issue of Notes. Since our last communication with you in June, we have accomplished several major milestones. In July, our Articles of Incorporation to form a not-for-profit corporation were filed with the state, bylaws were adopted and our official affiliation with the National Jump\$tart Coalition is nearly finalized.

As we have shared with you in the last two issues of our newsletter, we are on the move! The synergy we have realized from the diversity represented on the MFEC's Board of Directors has been phenomenal. I believe it is the incredible energy born out of our collaborative spirit that is enabling us to accomplish so much so quickly.

It is my privilege to serve as the first President of the MFEC, together with Vice President Tom Jacobson, Secretary Jessica Lundberg, and Treasurer Karen Dunn. Together, along with all of our Board members, we are pleased to announce in this issue our upcoming Annual Financial Education Conference, entitled "*Financial Education - An Opportunity for Change.*" Please mark your calendars!

Also enclosed is a *Service and Resource Coordination Survey* that we strongly encourage you to complete. The feedback you provide will help shape the MFEC's activities to best address your needs.

We look forward to partnering with you in our common mission to promote financial education for all Montanans.

*Sue Woodrow, President*

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## Montana Financial Education Coalition Annual Conference



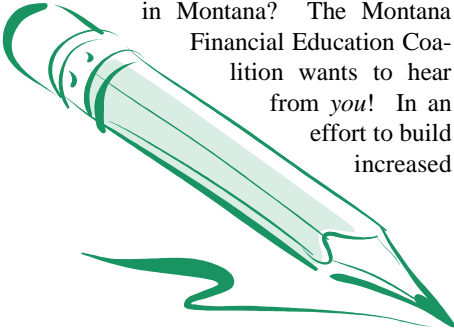
*Financial Education...  
An Opportunity For Change*

November 8 & 9, 2004 • Great Northern Conference Center • Helena, MT

Mark your calendars and join us in Helena November 8 & 9 for the Montana Financial Education Coalition's 2004 Annual Conference. Watch for registration materials to be sent out mid September. For more information call Karen Dunn at 406-442-9081 ext. 124.

## We Want To Hear From You

Are you involved with financial education in Montana? The Montana Financial Education Coalition wants to hear from *you!* In an effort to build increased



capacity for delivery of financial education programs and promote unity and collaboration in the field of financial education, MFEC is conducting a statewide survey to determine the wants and needs of financial education stakeholders, and to identify the services currently offered. Your feedback will help shape the resources that will be offered by MFEC in the future, and increase awareness of the work that is going on around the state in financial education.

It's easy to participate online! Please take a moment to complete this brief survey by going to the following webpage [www.minneapolisfed.org/community/mfecsurvey/](http://www.minneapolisfed.org/community/mfecsurvey/). Or, you may complete the enclosed copy of the survey and return it by mail to: Montana Legal Services, Attn: Kelly Hart, 616 Helena Ave. Suite 100, Helena, MT 59601. **Please send in your completed survey no later than September 17, 2004.** Thank you!

## Learning, Earning & Investing

November 12-13 , 2004

The Montana Council on Economic Education (MCEE) is pleased to offer *Learning, Earning and Investing* to Montana teachers. Thanks to the support of the Montana Credit Union Network, the National Council on Economic Education and a grant from The Moody's Foundation, seminar costs including housing and meals will be provided. Teachers simply provide their own transportation to and from Bozeman and pay a \$25 refundable registration fee.

The seminar will begin Friday afternoon and will conclude with complimentary tickets to the MSU Bobcat football game Saturday afternoon.

The workshop will accommodate teachers new to the field of economic education as well as those with experience. Middle school and high school teachers are encouraged to attend.

For more information or to register visit [www.econedmontana.org/learn\\_earn.html](http://www.econedmontana.org/learn_earn.html) or contact MCEE, at [mcee@montana.edu](mailto:mcee@montana.edu) or 406-994-5618.

## National Jump\$tart Coalition

*Q. What is the National Jump\$tart Coalition?*

*A.* First convened in December, 1995, the Jump\$tart Coalition for Personal Financial Literacy determined that the average student who graduates from high school lacks basic skills in the management of personal financial affairs. Many are unable to balance a checkbook and most simply have no insight into the basic survival principles involved with earning, spending, saving and investing.

Many young people fail in the management of their first consumer credit experience, establish bad financial management habits, and stumble through their lives learning by trial and error. The Jump\$tart Coalition for Personal Financial Literacy seeks to improve the personal financial literacy of young adults

Jump\$tart's purpose is to evaluate the financial literacy of young adults; develop, disseminate, and encourage the use of standards for grades k-12; and promote the teaching of personal finance.

The Jump\$tart Coalition believes that all young adults need to have the financial literacy necessary to make informed financial decisions.

*Q. Is the MFEC a Jump\$tart Coalition?*

*A.* Yes. The Montana Financial Education Coalition has pursued affiliation with the National Jump\$tart Coalition. Through our discussions, the board of directors determined that the Jump\$tart Coalition can offer a wide variety of benefits to our Montana Coalition thereby enhancing the effectiveness and efficiency of our ongoing efforts to fulfill our statewide cooperative mission. While the Jump\$tart affiliation offers a wide range of benefits, it will not limit the broader scope of the MFEC to support and promote financial education for Montanans of all ages.

## Working Together for Financial Fitness

A promising financial education collaboration between several local and statewide organizations has been developing for over a year now in Missoula. As a result, Financial Fitness – a financial education course for adults – has slowly but surely started to put down roots.

homeWORD, a Missoula non-profit that develops affordable housing and offers homebuyer education and counseling, coordinates the program. As local housing costs continued to skyrocket last year, homeWORD realized that financial education was a critical need if families were to maintain stable housing and financial self-sufficiency.

From the beginning, homeWORD believed that the ideal Financial Fitness program would be built through community partnerships and support, and immediately teamed up with Montana Credit Unions for Community Development to offer two pilot courses. More community involvement was brought in with speakers from Consumer Credit Counseling, local credit

unions, insurance agencies, tax experts, and financial advisers.

After the classes received a positive response from class participants, community social service agencies, and the local media, it was apparent that building new and stronger partnerships was the answer to moving forward. The YWCA of Missoula, charged by their national leadership to develop an economic empowerment component in their work, joined forces with the Financial Fitness collaboration to provide financial education to YWCA clients. Habitat for Humanity of Missoula also partnered with Financial Fitness, to help all families they work with prepare for homeownership. Missoula Housing Authority has emerged as another strong partner, regularly referring several clients to each class.

Support for the classes has come from several sources, including a pilot grant from the Montana Homeownership Network and an operating grant from the Allstate

Foundation.

Additional help with expenses was provided by Montana Credit Unions for Community Development, and the local credit unions have been instrumental in providing speakers, door prizes, and all-around support for the programs. It is expected that they will play an even greater role in Financial Fitness in the future.

As this collaborative effort continues to grow and strengthen, it has demonstrated that financial education does not have to be the responsibility of only one program in the community. The classes are a true community asset, serving people who are our clients, customers, and neighbors. Financial Fitness has developed in Missoula with a strong base of local support, and a sense of joint ownership that will ensure the survival of this valuable community resource.

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## Calculators for Investors

Below is a list of calculators to help you with your investment decisions. All are accessible at the U.S. Securities and Exchange Commission website at <http://www.sec.gov/investor/tools.shtml>.

- **Mutual Fund Cost Calculator**
- **Tax-Free vs. Taxable Yield Comparison Calculator**
- **College Savings Calculator**
- **Loan Calculator**
- **Savings Calculator**
- **Ballpark Estimate Retirement Calculator**
- **Social Security Retirement Planner**
- **529 College Savings Plan Expense Calculator**
- **Investor Quiz: Test Your Money Smarts**



*NOTES* readers are partners in our efforts to share the latest news from the financial education field. The newsletter is published quarterly by the Montana Financial Education Coalition (MFEC). It is designed to keep the MFEC partners informed about what is happening as well as communicating financial education efforts to other interested parties throughout the state.

We welcome your questions and comments. If you are interested in receiving this publication regularly or have address changes or additions, please contact me at [karen@mcun.org](mailto:karen@mcun.org).

*Karen Dunn, Editor*

**Thank you to the following organization for sponsoring this issue of *Notes*:**

- **Montana Independent Bankers**
- **Federal Reserve Bank of Minneapolis**

# Help College-Bound Students Learn Money Skills

Tracy Nave-Heggen, Consumer Credit Counseling Service of Montana

While helping students with college expenses is admirable, do they have the tools they need to manage their money on their own? CCCS offers the following tips to help young adults get started on the right path...

**Budgeting 101:** Help students make a budget, prioritizing necessities such as tuition, supplies, transportation, room, and board first. Then determine what their responsibilities will be and how they will pay for their needs; student loans, work, help from parents, grants and/or scholarships. A good budget will help students stretch their dollars AND enjoy their college experience.

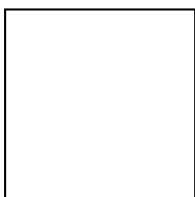
**Student Loans:** According to the Montana Guaranteed Student Loan Program, the average Montana college/university student graduates with \$20,871 in student loan debt. While it's tempting to take out the maximum student loans offered, consider how the total balance plus interest will impact life after graduation. A student loan debt of \$20,871, paid over 10 years at

the current maximum Stafford loan rate of 8.25% APR, would require a monthly payment of \$256 and cost an additional \$9,847 in interest (courtesy of [www.finaid.org/calculators](http://www.finaid.org/calculators)). An Individual would need an annual salary of at least \$30,719 to be able to repay this loan, assuming a full 10% of gross monthly income is devoted to student loan repayment. Will the student's entry-level wages support his or her student loan debt and normal living expenses? If not, the student may be moving back home after college. Prepare them now for future responsibilities.

**Banking Relationships:** One of the best routes to a first loan is to open a checking or savings account at a local bank or credit union, make regular deposits and properly use the products attached to those accounts. In addition to building a positive relationship with a local financial institution for future needs, establishing an account close to campus can also save time and money.

**Credit Cards:** Credit card offers will be everywhere...from the bookstore, to promotions at sporting events, to the mail. While credit cards are not necessarily bad, how we use them can be. Teach young adults the pros and cons of credit card use BEFORE they fill out their first application. If they choose to apply for a credit card, encourage them to shop for the best interest rate, keep low limits, and pay the balance ON TIME, IN FULL every month.

If you know a college-bound student who did not take a course in personal finance, he or she is learning how to manage their money from their parents and peers. Help encourage the student to learn as much as they can about balancing their checkbook, proper use of debit and credit cards, the difference between wants and needs, applying for credit, and setting a budget. No matter what the student is taking in college, learning good money management skills now will help lay the groundwork for a lifetime of financial security!



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