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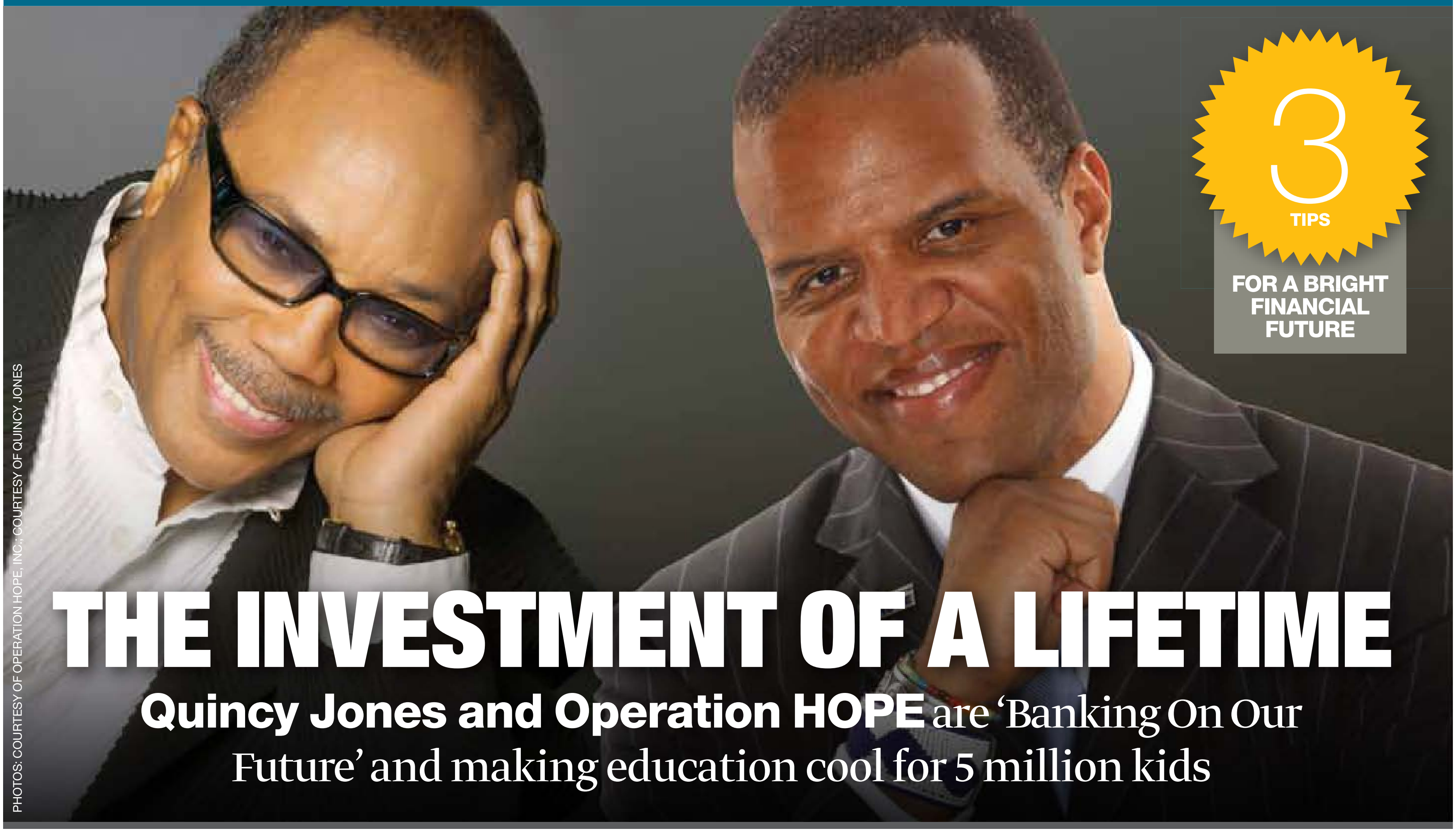

PHOTOS: COURTESY OF OPERATION HOPE, INC.; COURTESY OF QUINCY JONES

3 TIPS FOR A BRIGHT FINANCIAL FUTURE

THE INVESTMENT OF A LIFETIME

Quincy Jones and Operation HOPE are 'Banking On Our Future' and making education cool for 5 million kids

CHALLENGES

We have weathered the worst financial era since the Great Depression. While economists debate whether or not we have turned the corner, the reality is that many Americans **will feel the effects** of the Great Recession for years to come.

TIP 1

IT'S NEVER TOO EARLY OR TOO LATE TO START LEARNING

The upside of recession: Time for America's radical money makeover

People from all levels of society are questioning their ability to ensure financial security. Confidence is shaken. A survey from July 2010 found nearly four out of 10 Americans said their financial life was worse than they expected it to be.

Regardless of how much or little income we earn, the rugged timeline of recent economic events has forced us to look at how we spend, save and manage our money. For those in their 20s and 30s, this first-ever recession has been a hard reality check as to what happens when jobs evaporate and earnings plummet unexpectedly. Like all painful experiences, this economic downturn has left a scar. But this difficult moment also is a teachable moment.

Role models

We must set positive examples in school and at home, in the workplace and at the mall. As parents we must model healthy financial behaviors. As teachers we must broaden life-skill learning by bringing money management instruction into classrooms. As employers we must encourage our workers to save and take advantage of benefits. And as a society we must exercise thrift and the ability to live within our means.

It's time to take on a new respect for revolving credit and its true cost. It's time to become educated consumers. If we don't understand, we have a responsibility to keep asking until we do. It's time to take saving seriously. Nearly half of adults (47 percent) now define the American Dream as having enough for retirement over owning a home (17 percent). For those who have never contributed to a 401(k) or IRA, it's time to do so in 2012. It's time to embrace the financial compromise that forgoing excessive spending now means we will be able to give our families the priceless gift of financial stability.

"Today is a pivotal opportunity for change. We will emerge from the financial darkness smarter, more responsible, and more confident in our own future."

Ted Beck
President and CEO of the National Endowment for Financial Education

Planning for change

History repeats itself and another economic downturn, whether months or decades away, is inevitable. How well you persevere is dependent on how well you plan. We must practice these five fundamental behaviors:

1. Budgeting
2. Building an emergency fund
3. Using credit responsibly
4. Understanding credit and bank terms (reading the fine print)
5. Having a retirement plan

Today is a pivotal opportunity for change. We will emerge from the financial darkness smarter, more responsible, and more confident in our own future. After all, the greatest quality of Americans is their inextinguishable ability to endure.

Ted Beck is president and CEO of the National Endowment for Financial Education (NEFE), a nonprofit foundation working to improve the financial capability of all Americans.

WE RECOMMEND

Jump$tart
Bringing financial literacy to schools across America

PHOTO: SXC.HU

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Learning to Save, Saving to Learn

By
Bob Annibale, Global Director
Citi Community Development
and
Andrea Levere, President
CFED

A child with a savings account is six times more likely to attend college. Over the course of a lifetime, people with college degrees earn 75 percent more than those with just high-school diplomas – nearly a half-million dollars more in total. Yet for many families, achieving that degree means confronting overwhelming financial obstacles.

Without savings, many students are forced to choose: take on significant debt – the Consumer Financial Protection Bureau now reports more than $1 trillion in outstanding student loan debt – or drop out. Even after loans, scholarships and other aid, out-of-pocket costs for higher education are often unbearable. In fact, the United Negro College Fund has found that financial concerns are one of the primary reasons students don't make it to graduation. In a recent report on college completion rates, the Knowledge is Power Program, also known as KIPP, cites national data showing that just a third of students manage to earn a degree by the time they are 25 – and that number drops even further, to just 8.3 percent, for low-income students.

But we know that given the chance, families will save. Low- and moderate-income households will not only save, but will use those savings to invest in long-term assets that create pathways to financial security – including home ownership, retirement and, significantly, post-secondary education. Research and practice show that even a few thousand dollars in savings can give children and youth not only a foundation to begin paying for their education, but also the financial skills students will need throughout their lives to plan and make informed financial decisions.

A critical challenge is to expand opportunities for savings, investment and financial education so that every American child entering kindergarten will be academically and financially prepared to attend college and graduate on time. The

Students from Chicago's KIPP Ascend Middle School visit a Citibank branch to learn about the benefits of saving and acquire advice on how to get started. In 2011, Citi helped launch the Partnership for College Completion, which combines incentivized savings accounts, financial education and scholarships, to help increase the number of students who are the first in their family to earn a college degree.

financial and educational sectors have an obligation to make this possible, by teaching children to save and providing the tools to do so. Government must also lead the way in promoting access to college by addressing the academic, social, and financial challenges facing students from low-income families. Policymakers must remove barriers and improve the infrastructure and incentives that enable low-income families to save for college.

An ideal place to start would be to follow the recommendation of CFED, a national organization that empowers low- and moderate-income households to build and preserve assets, to establish universal Lifetime Savings Accounts (LSAs) endowed with a one-time public contribution at birth for every child born in the United States. LSA deposits and interest earnings, combined with financial education, would give children and their families both the knowledge and the infrastructure to make saving possible, and would promote the concepts of saving and investing at the earliest stage. The creation of LSAs would demonstrate that the federal government is serious about making a college education accessible and affordable for all. Short of a universal LSA policy model, federal policymakers can take incremental steps, such as expanding and improving the rules governing state college savings plans to make them more easily accessible to low-income families, expanding opportunities for tax-time savings for education, and applying the Saver's Credit – which provides a tax incentive to lower-income savers – to education as well as retirement savings.

> "Research and practice show that even a few thousand dollars in savings can give children and youth not only a foundation to begin paying for their education, but also the financial skills students will need throughout their lives to plan and make informed financial decisions."
>
> - Frank Keating, President and CEO, American Bankers Association

Citi and CFED are collaborating with innovators in education and the public sector to open college savings accounts for low- and moderate-income families and provide incentives and tools that make saving easy and attractive. Together, harnessing the resources of the world's digital bank, the knowledge gained from years of research and experience, and the passion of educators and leaders across the United States, we're investing now to make the goal of college completion a reality for all that choose that path – and building a future for today's young people that includes better jobs and a stronger economy.

And it is working. The City and County of San Francisco, for example, has created the Kindergarten to College program, which is accomplishing universal college savings for its kindergarten students entering San Francisco's public schools – a pioneering program that municipalities and others across the country are eager to replicate. Citi is working with CFED, public officials, philanthropists and local San Francisco school officials to design and support more than 58,000 new savings accounts for public school children by 2025. In the program's first year alone, the combined account balance for approximately 3,300 accounts is nearly $350,000, money that can only be used for higher education a dozen or more years from now.

But we know there is much more to be done. By reaching out to parents and learning about their needs, we are continuing to devise new ways to overcome barriers to savings. Expert educators are creating a novel financial education curriculum in San Francisco that is now integrated in math, reading and other lessons throughout the school day – a powerful strategy for making savings relevant and real for school-age children. Through the American Bankers Association Education Foundation's Teach Children to Save program, Citi employees are joining thousands of volunteers around the country to work with students and do what bankers do best: talk dollars and cents. By stepping out of the branch and into the classroom, the industry is using the expertise of its people to build children's understanding of savings and financial skills.

Citi and CFED believe that supportive public policies, along with college savings programs and the know-how and incentives to use them wisely, can change the course of many children's futures. We celebrate the passion and commitment of our people and partners who are working to build a stronger future for our children, our communities and our country.

For more information visit www.citicommunitydevelopment.com and www.cfed.org.

INSPIRATION

Operation HOPE and the Five Million Kids Initiative

Bringing hope and dignity to young people and their parents—through practical economic education

Is there a tipping point for justice?

Yes, according to John Hope Bryant, Founder, Chairman and CEO, of Operation HOPE, a not-for-profit organization focused on expanding economic opportunity in underserved communities through economic education and empowerment.

Citing Malclom Gladwell's book Tipping Point, Bryant notes that "when 5 percent of citizens are (economically) positively and actively engaged a community becomes stabilized." The end result is financial dignity, which Bryant calls "the civil rights issue of our generation." He says, "There are almost no role models in 'low-wealth' communities."

Operation HOPE's Five Million Kids (5MK) Initiative is focused on creating a mainstream financial literacy movement in America by leveraging current trends on behalf of kids and their parents. "Our kids are brilliant, but their lives have been hijacked by a culture that celebrates celebrities and sports and equates being dumb with being cool. We need to flip that on its head," Bryant says.

That's where Grammy-award winner Quincy Jones comes in. Mr. Jones and the civil rights icon Ambassador Andrew Young are the National Co-Chairs of 5MK.

Bryant explains, "Quincy Jones is one of the few global brands who is relevant to every generation—whether you like Kanye West, Jay-Z, or Dizzy Gillespie."

Banking On Our Future, Quincy Jones Celebrity Edition and the 5 Million Kids Initiative are making smart cool.

Quincy Jones says, "The goal of 5MK is to reach, teach and touch five million kids in five years about the importance of understanding the language of money, entrepreneurship and the importance of education."

Mr. Jones is a leading figure in the "Make School Cool" tour, during which the 5MK team will visit elementary schools around the country delivering HOPE Business in a Box (HBIAB) and the Banking On Our Future curriculum—with Quincy Jones, which will teach kids the language of money and how to be entrepreneurs.

Operationally, it involves kids writing 2-minute business pitches, delivering them in front of local business leaders and the 5MK team, and getting the funding and education needed to start their businesses. The program is for kids between the ages of 8 and 18. Start-up funding ranges from $50 to $500 depending on age. "Think Shark Tank for kids," says Bryant.

For parents, there is the related "700 Credit Score" initiative, where the goal is to take average credit scores from the 500/550 range to 700, all through education at community-based HOPE Financial Dignity Centers. "We want to replace the check-cashing facilities and liquor stores with banks and convenience stores. My mission is nothing short of making free enterprise and capitalism work for the poor," says Bryant.

To learn more, please visit: http://www.operationhope.org/business-in-a-box.

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NEWS

TRAINING OUR TEACHERS

Question: How do we deliver the highest quality of financial training available to our students?

Answer: By ensuring that the curriculum being taught and those teaching it are of the highest quality.

It is so important that today's teachers are relaying pertinent and instrumental information to their students that go beyond basic math skills and incorporate financial life skills that will give our youth the building blocks to a successful financial future.

The Jump$tart Teacher Training Alliance is a collaborative endeavor initially proposed by Jump$tart board member Ted Beck of the National Endowment for Financial Education (NEFE) and undertaken by the Jump$tart Coalition on behalf of its partners.

The guiding objective of this initiative is to provide K-12 teachers with a standard and effective formal education designed to sufficiently prepare them for teaching personal finance in the classroom.

The goal of the Alliance's advisory committee is to design, test, and deploy a model for standardized teacher education and training, through locally customizable three to five day training sessions. The model would help to ensure a sufficient and consistent level of competence for teachers of personal finance across states and regardless of the professional discipline (e.g. economics, consumer science, math, etc.) with which the teacher is associated. The class topics are designed to be presented by academics, financial planners, bank/credit union professionals, etc. representing a diverse and trusted group of experts.

> "The model would help to ensure a sufficient and consistent level of competence for teachers of personal finance…"

This unique training model utilizes three modes of assessment to enhance future professional development for teachers of personal finance: attitudinal, behavioral, and qualitative measures. This method will provide a clear understanding of the program's effectiveness in delivering core knowledge to teachers; determine how well they retain the content; and demonstrate how they use the information in their personal lives, as well as in their classrooms.

Since this model is comprehensive and adaptable in scope, it eventually can be used as a guideline for Schools of Education to develop pre-service teacher preparation.

To date, four pilot tests of this training model have been done; a fifth and final pilot is scheduled for April, 2012.

DAN HEBERT

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TIP 2

MAKE A BUDGET AND STICK TO IT

5 STEPS TO GET READY FOR RETIREMENT

Practice what you preach

Define your retirement
Write objectives down.

Take stock of "assets"
Don't forget about non-traditional assets.

Determine when to collect social security
Working longer and delaying benefits provides a more secure retirement.

Create retirement budget
Track income and expenses for a few months and use this as a guide.

Learn more
To learn more visit www.aarp.org/moneywebinars

PANEL OF EXPERTS

Vickie C. Mauldin
CEO, First Command Educational Foundation

Shannon Schuyler
Corporate Responsibility Leader, PwC

David Nelms
Chairman and CEO, Discover

Robert A. Annibale
Global Director, Microfinance, Citi

Question 1: Why is it vital that we integrate financial education into school schedules?

Vickie C. Mauldin: **Many teens and preteens** regularly use debit and credit cards, but few understand how they work, or how to balance a checkbook. People with little financial knowledge usually borrow more, save less, and pay higher fees for financial products. Parents fail to teach their children financial literacy for various reasons; this basic, essential life skill must be taught in school.

Shannon Schuyler: **A solid acumen** in financial literacy is a critical building block for youth as they develop a foundation for responsible behaviors in order to face the real world challenges. As students receive their first allowance, or think about financing college, they will need to draw upon their knowledge of these concepts to make informed decisions. By integrating these concepts into schools' core curriculum, we can help students achieve life-long financial well-being and stability.

David Nelms: **There's a clear** need for more financial education in the U.S. The only way to ensure that the next generation develops the skills they need to manage money is by getting curriculum into schools. We're providing grants to public high schools through our Pathway to Financial Success program so we can get financial education into more classrooms across the country.

Robert A. Annibale: **Developing the financial capabilities** of our next generation requires access to financial tools and knowledge. Just as focusing youth on aspiring to college requires academic preparation, so does teaching and incentivizing students to save and plan financially. It's why we promote financial education as a central component of innovative school-based savings programs, like San Francisco's Kindergarten to College universal savings program.

Question 2: What is the most common misconception about financial planning?

Vickie C. Mauldin: **Many people believe** only those with sizeable assets need financial planning. They don't realize that financial planning early in their careers can help them acquire those assets. Also, financial planners regularly incorporate risk management strategies to help preserve assets in emergencies. Starting with a financial plan early in life will help build the strong foundation needed for a comfortable retirement.

Shannon Schuyler: **A common misconception** is the belief that we can "fix the system" and effectively teach society how to plan for their lives after one course or seminar. Understanding financial planning—including basic concepts—requires that we integrate math, economics and financial literacy into K-12 curriculum and begin the discussion on responsible actions early, before uninformed decisions can be made.

David Nelms: **There's a perception** that financial planning is something that can wait. But many important financial decisions are made early on, as people buy their first cars and apply for student loans. It's critical that they receive the financial education they need before they begin to make these financial decisions. That will help them achieve their dreams and avoid financial nightmares.

Robert A. Annibale: **Financial planning isn't** just for adults! Economic opportunity often goes hand-in-hand with long-term savings, budgeting and informed financial decision-making. The best time to start that is before people start to shoulder financial responsibilities—when they're still young. The earlier we start preparing people for the many decisions that they'll have to make in an increasingly complex financial world, the better.

NEWS

How the Internet changed the long-term investing game

TIP 3

SAVE, SAVE, SAVE

It's best to start investing early, but it's never too late to decide how to spend your money.

Steve Bartlett, President and CEO of the Financial Services Roundtable, has a dream: "I wish for everyone a wholesome, peaceful and fun retirement," he says. This is, of course, what everyone wants, including the 64 percent of non-retiree households who depend primarily on their own retirement accounts.

The enduring principles of long-term investing have not changed. Bartlett says, "It's about investing, not saving. You start with saving, then you invest and get compound returns." Another principle: Start early. "Starting early is the single greatest predictor of a pleasant retirement. If you invest $1,000 a year between the ages of 25 and 35, you will have $95,000 at age 65. Whereas if you invest $1,000 between ages 35 and 65, you end up with $65,000."

Technology has been a major game-changer. Bartlett says, "The Internet has made it possible to get information, become financially literate and invest online, whereas before a face-to-face meeting—and a larger sum of money—would have been required."

In September 2008, when the market fell 778 points in one day, Bartlett's team was in the thick of it. "There were painfully intense conversations. We succeeded in preventing our clients from selling at the bottom of the market, and it has come back," he says. The retirement market is now $17 trillion and expected to grow to $22 million by 2016.

Bartlett is clear about the need to invest and budget. "If you have to choose between a new vehicle or a retirement account—invest," he counsels. "And remember, budgeting means choice. You decide in advance what you're going to do with your money."

Learn more at www.fsround.com

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AN EARLY START
Starting early is the single greatest predictor of a pleasant retirement.
PHOTO: ISTOCKPHOTO.COM

TIPS

Effective money management

There is no one formula to effective money management; where you stand is a function of where you sit. There are, however, operating principles that have served me in good stead throughout my 21-year career of managing money and running businesses. Ten of them are listed below, in no particular order:

- **Sync your risk profile with your time horizon:** know why you're invested, and for when.
- **Never invest more than you can afford to lose:** capital preservation is the first step toward wealth accumulation.
- **Opportunities are made up easier than losses:** sometimes the ability not to invest is as valuable as investment ability.
- **Respect the price action, but don't defer to it:** the last in line will never see the edge of the cliff.
- **Discipline trumps conviction:** the mechanics of your swing are more important than the results of the at-bat.
- **Emotion is the enemy when making financial decisions:** leave the tears for weddings and funerals.
- **Manage risk, don't chase rewards:** there will always be a bigger, better thing—just focus on your thing.
- **When in doubt, sit it out:** there's no shame in admitting it's hard, there's only shame in pretending it's not.
- **Don't let bad trades turn into investments:** understand the goals of your market exposure.
- **Good investors know how to make money:** great investors know how to take a loss.

Todd Harrison is the Founder & CEO of Minyanville.com, an Emmy-award winning media company.

Join our commitment to financial education

Discover® launched **Pathway to Financial Success** to help students learn to make good financial decisions. Our 5-year, $10-million investment will bring financial education into thousands of classrooms by providing:

- Grants for qualifying public high schools
- Teacher training
- Learning tools for parents and teachers

Now more than ever, students need to learn how to manage money. Make sure your children receive financial education in their school.

For grants and resources, visit
PathwaytoFinancialSuccess.org

Pathway to Financial Success

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