

Building Economic Security Poverty and Disability Poverty Summit 2012

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Unions



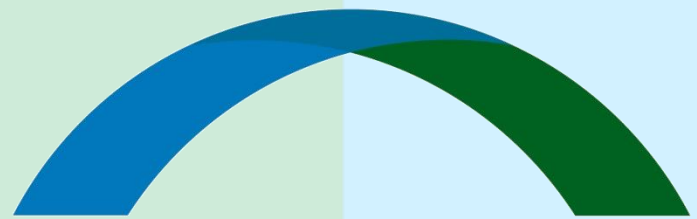
The Federation, representing credit unions serving low and moderate income communities, has forged alliances with organizations serving people with disabilities and the aging to provide financial services, access to affordable credit, and financial education



Building Economic Security
Better Directions
Financial Security Has no Age Limits



BEST
Building Economic Security Together



Federation

Credit Unions United to Serve the Underserved

“If you are living on a Fixed-Income You are Fixed”

Mittie age 65 at Greater Kinston Federal Credit Union
Kinston, North Carolina



Poverty and Disability

58 percent of people with disabilities are asset poor (do not have enough resources to live at the federal poverty level for three months).

54 percent of people with disabilities have no savings accounts and 69 percent lack checking accounts

Seniors, Disabilities and Poverty

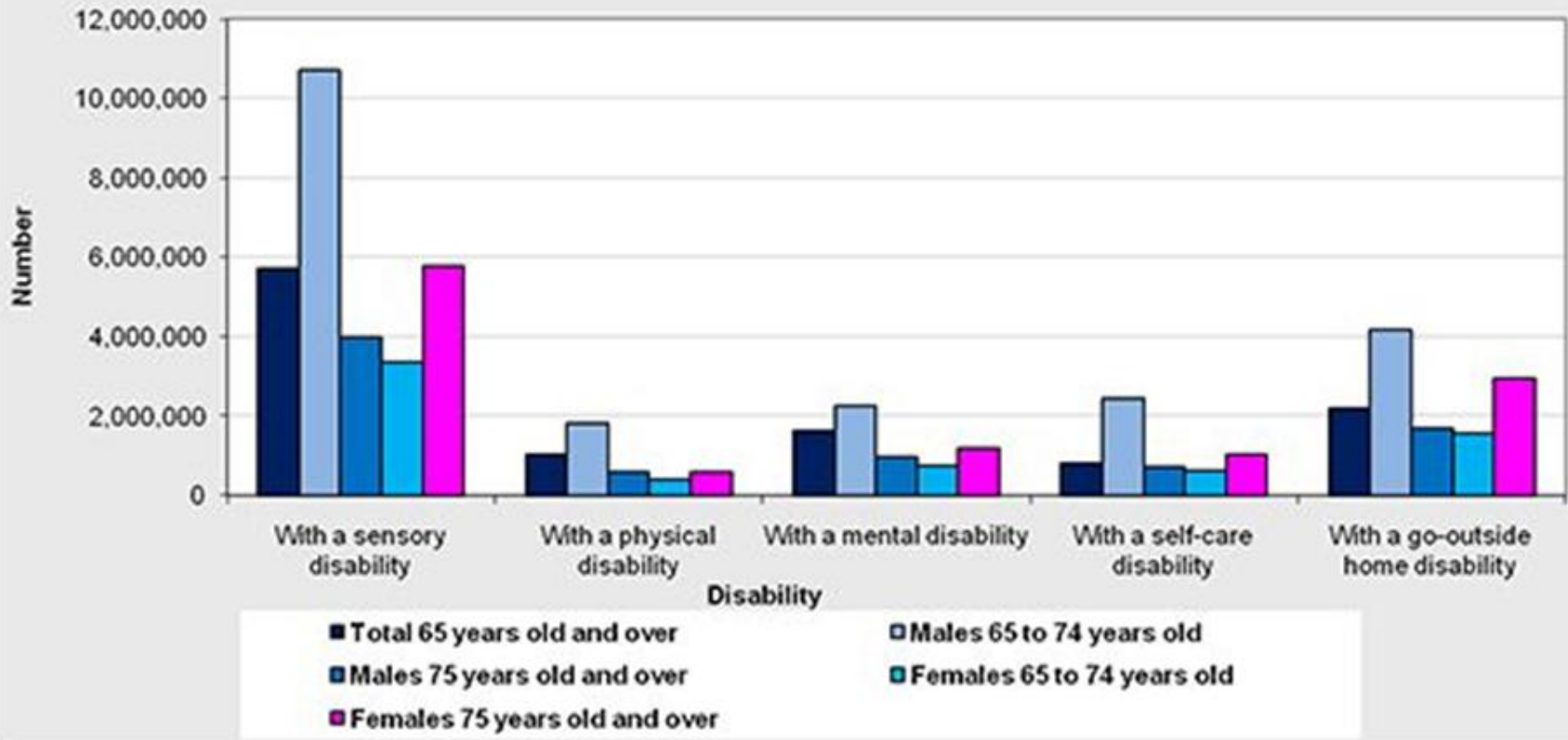
Some 3.5 million seniors live in poverty, according to Census figures, but that number risers to about 6.2 million when health care costs are factored in so that

One in six older Americans lives below the federal poverty line
At 16%, the proportion of seniors living in poverty is higher than the proportion of all Americans in poverty.

Add the fact that:

According to the National Health Interview Survey (2000-2005), slightly over one-third of all adults in the United States have a condition that is "activity limiting"

Disability Status of Persons 65 Years Old or Over



Key Financial Stressors for Adults with Disabilities

- Not enough money to live on
- Inadequate Savings
- Unbanked or underbanked
- Fear of losing benefits
- Too much debt
- Caring for children and grandchildren
- Susceptibility to schemes and scams

Not enough money to live on

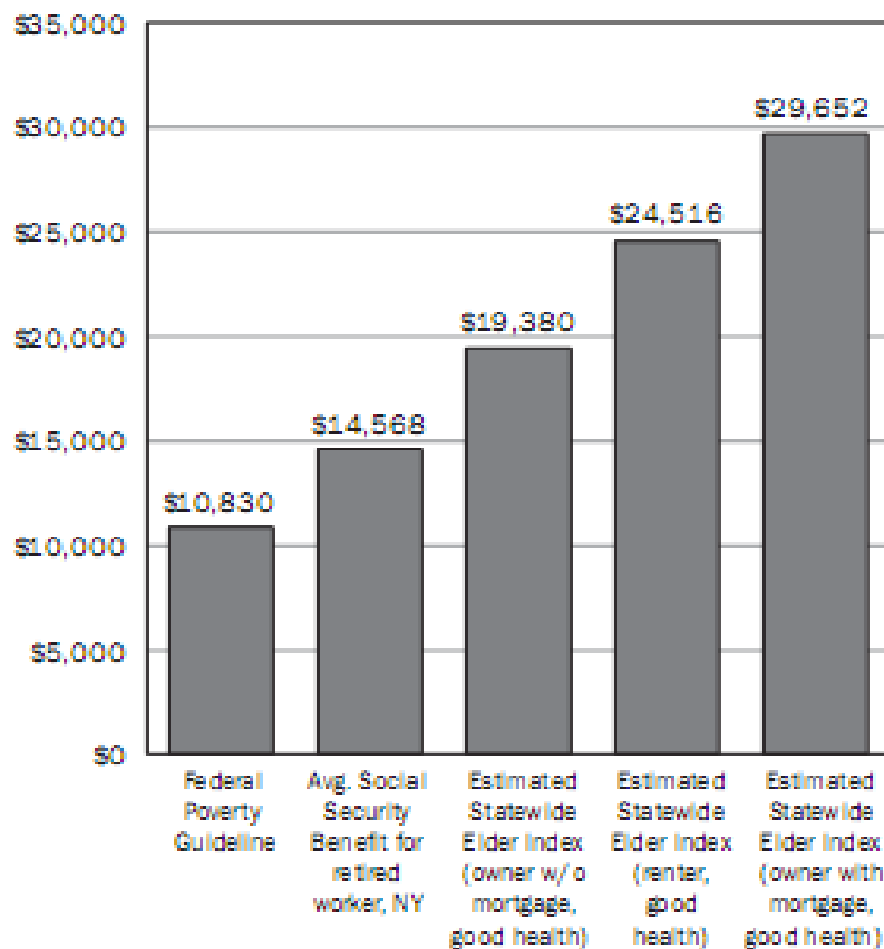
Government poverty indices are outdated and inadequate
 Comparison of Government data and “real” economic
 security needs for seniors

The Elder Economic Security Standard Index for the United States, 2011

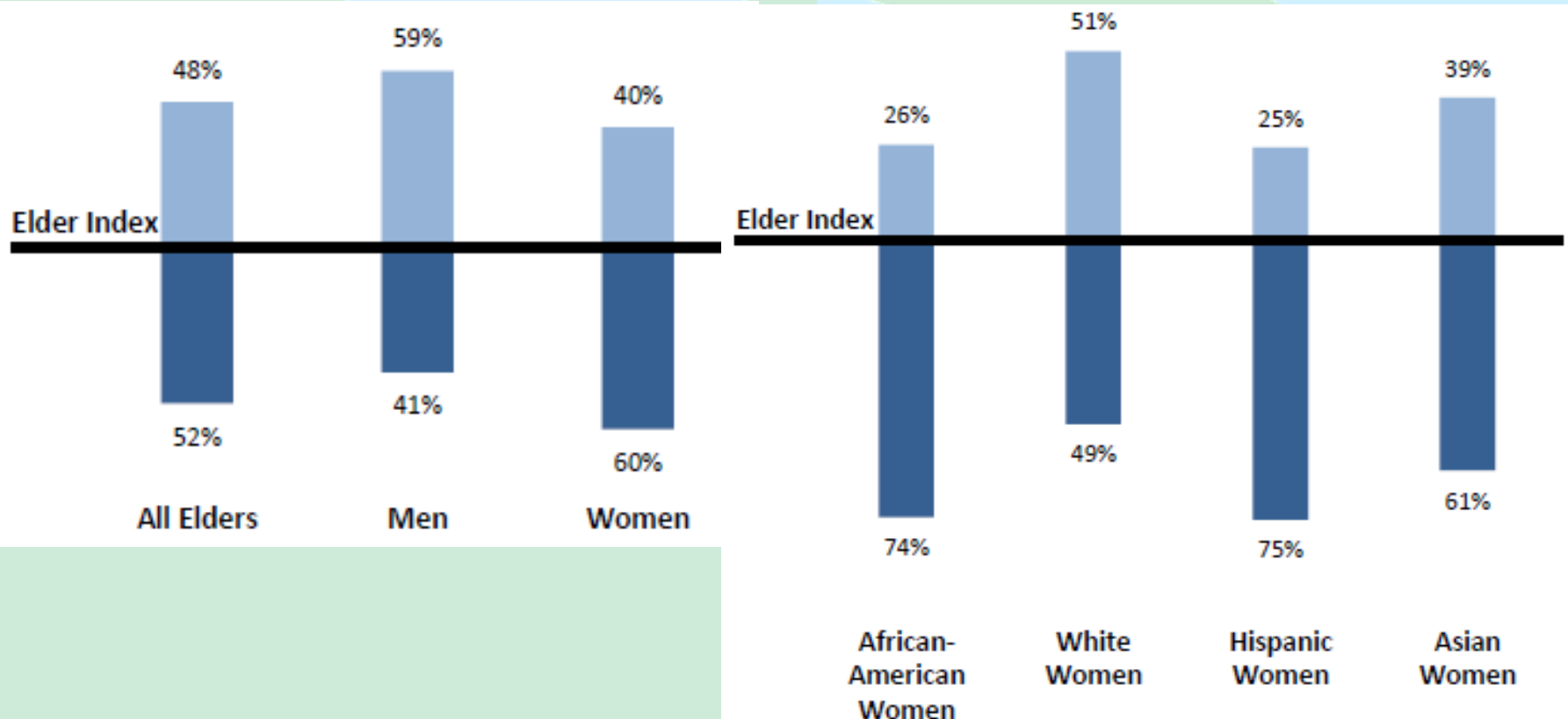
Expenses for Selected Household Types

| Expenses/Monthly and Yearly Totals | Elder Person (age 65+) | | | Elder Couple (both age 65+) | | |
|--|--------------------------|---------------------------|----------------------|-----------------------------|---------------------------|----------------------|
| | Owner w/o Mortgage | Renter, One Bedroom | Owner w/ Mortgage | Owner w/o Mortgage | Renter, One Bedroom | Owner w/ Mortgage |
| Housing (inc. utilities, taxes & insurance) | \$457 | \$769 | \$1,270 | \$457 | \$769 | \$1,270 |
| Food | \$243 | \$243 | \$243 | \$446 | \$446 | \$446 |
| Transportation | \$246 | \$246 | \$246 | \$380 | \$380 | \$380 |
| Health Care (Good Health) | \$381 | \$381 | \$381 | \$762 | \$762 | \$762 |
| Miscellaneous | \$265 | \$265 | \$265 | \$409 | \$409 | \$409 |
| Elder Index Per Month | \$1,592 | \$1,904 | \$2,405 | \$2,454 | \$2,766 | \$3,267 |
| Elder Index Per Year | \$19,104 | \$22,848 | \$28,860 | \$29,448 | \$33,192 | \$39,204 |

FIGURE 1
The Elder Index Compared to Other Benchmarks,
2009, Elder Index for One-Person Elder
Households in New York



Economic Insecurity by Gender and Race



Inadequate Savings

96% of Americans aged 65-69 who have income below the poverty threshold have retirement savings of less than \$10,000

Unbanked or Underbanked

Among those 65 and older, 3.6 million live in unbanked or underbanked households

Too Much Debt

- Between 2005 and 2008 the credit card debt of adults 65 and older increased by 26%, with an average credit card debt of \$10,235
- GreenPath, a non-profit debt management organization, noted that 2009 in Michigan, the average unsecured debt balance for clients 65 and older was \$27,800
- **In 2007, 11.2% of adults 65-74 were contributing 40% of their income toward paying down debt**
- An average of \$4,000 of credit card debt for this age group covered medical expenses.

Too Much Debt

Plethora of high cost lenders and debt consolidators that target the aging

“You got to watch those debt consolidation companies. They were taking my money, but they weren’t giving it to the right people. They were pocketing the money for themselves. This was someone off the TV – Freedom Debt Management. They scammed me about \$1,400. Then they wrote me a letter that thanked me for the money.”

Claude, 5-year member

Greater Kinston Credit Union Kinston, North Carolina

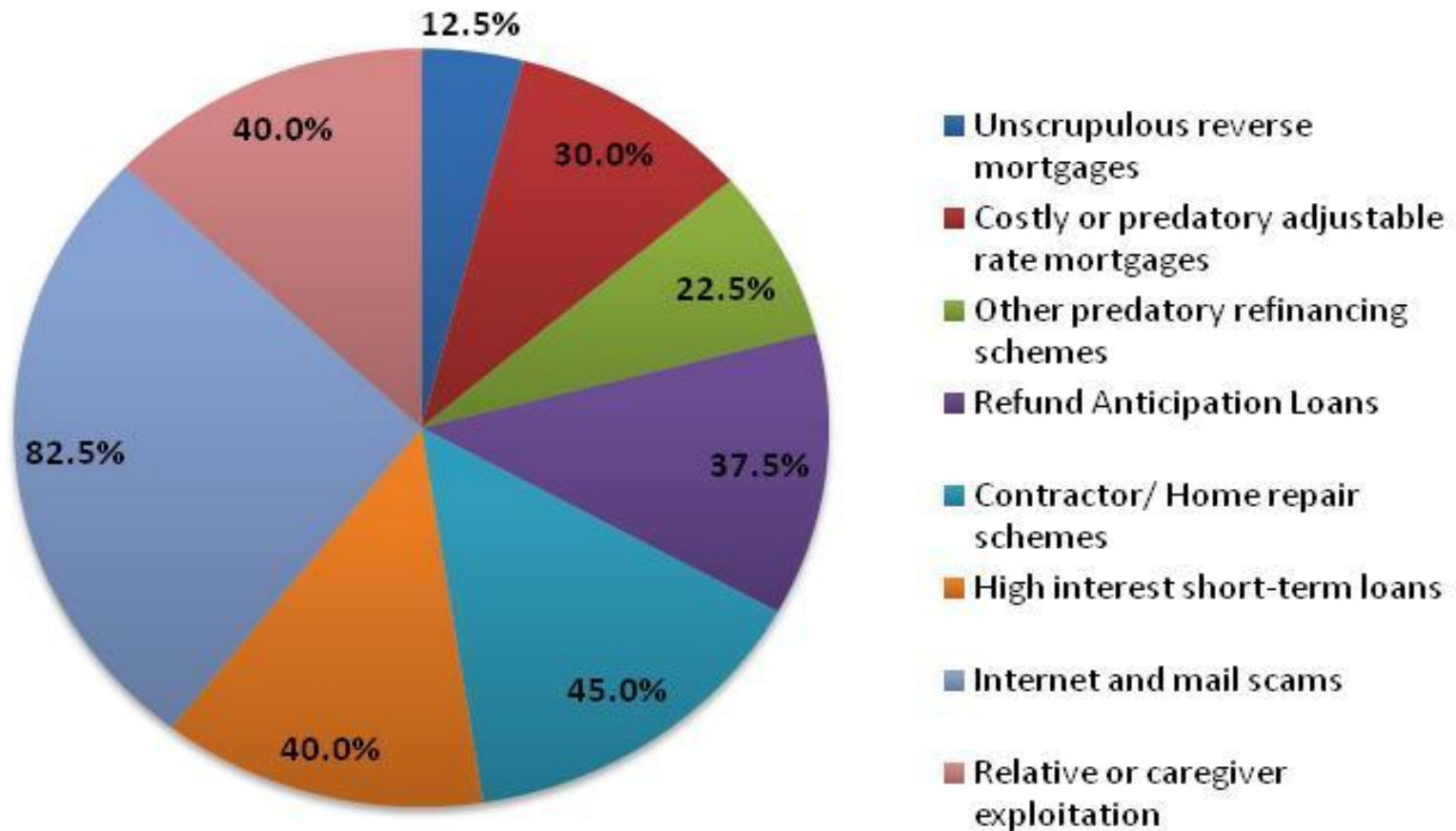
Susceptibility to Schemes and Scams

- Financial scams, predatory schemes and unfair pricing of financial products and services often target the low-income aging
- According to the U.S. Treasury Department, this targeted abuse is costing older adults an estimated \$2.6 billion every year

Susceptibility to Schemes and Scams

What credit unions told us

% of CUS that are Aware of Fraud, Abuse or Predatory Practices Affecting Older Members



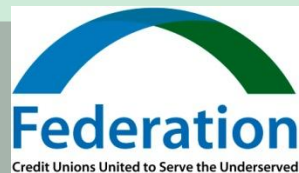
Why Focus on Financial Institutions?

There is a social responsibility and a financial imperative

The is a Unique Role for Responsible Financial Institutions

Community Development Credit Unions are committed to serving the underserved: providing opportunities for financial security and access to responsible financial products for low and moderate income individuals

CDCUs have demonstrated a willingness to incubate products and programs that often become industry standards



Credit unions are close to their members and have their ear to the ground



Inadequate Savings

“Do I save money? I know I’m supposed to but no, I don’t save money. It’s all gone. I live on disability and it’s all gone after I pay my bills so that is a frustration. But the credit union is after me to essentially get things all straightened out so I can indeed save, but the thing I love is that they are working with me personally to plan for getting my credit cards paid off so eventually I can start saving some money.”

Diana, at Guadalupe Federal Credit Union
Santa Fe, New Mexico
December 2010

Financial Security Has No Age Limits.

Better Directions

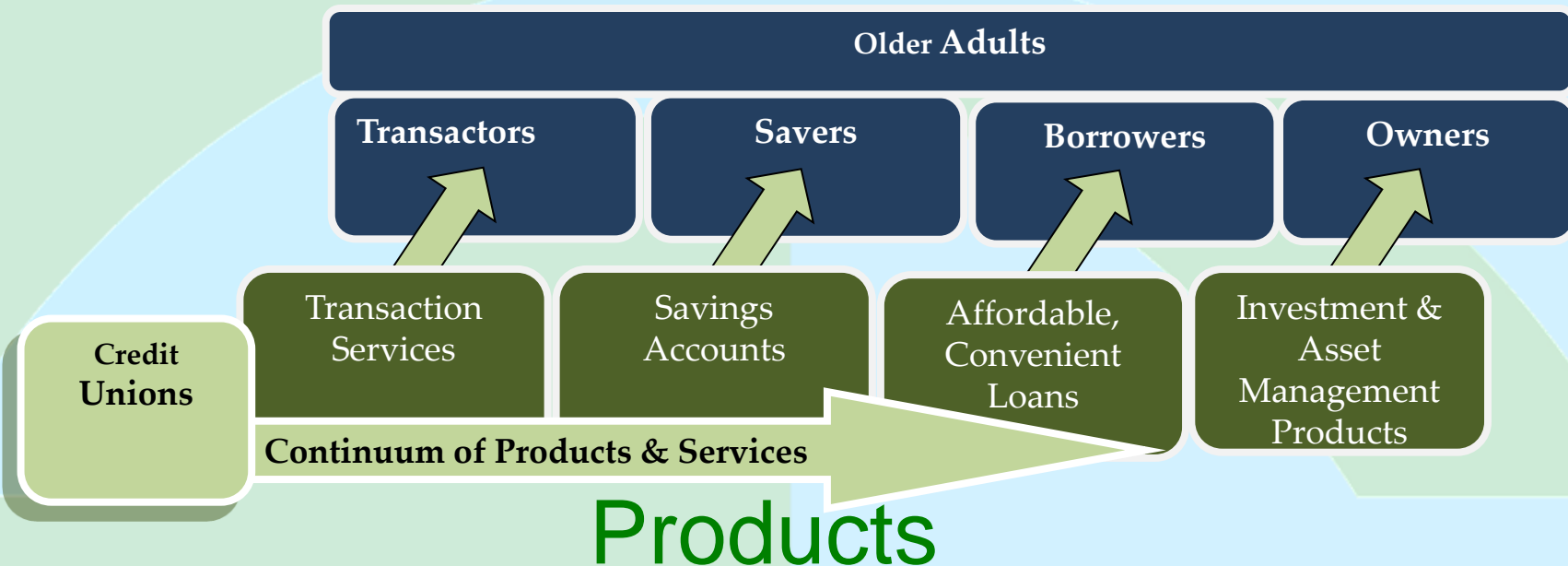
Better Directions is a national program run by the Federation that works with Community Development Credit Unions to offer the most affordable and effective financial products for seniors-tailored to meet their needs.

The program is built on partnerships between credit unions and programs that serve seniors

Key national partners National Council on Aging and the National Disability Institute



Solutions



Products

Transaction Services

Checking-Entering the system-Direct Deposit of SS

Savings Accounts

- Opening new savings accounts

Affordable and Convenient Loan Products

“Borrow and Save”-a Short-Term/Small-Dollar Loan

Debt Consolidation Loans

Low Entry Cost Investments



Partnerships

CDCUs Partnerships with Economic Case Management and Social Service Agencies

- Access to benefits counseling
- Tax counseling
- Money management training
- Debt counseling.
- Financial literacy training

Better Directions Credit Unions and Partners are in 9 cities and 8 states

Syracuse Cooperative FCU & Catholic Charities
Pyramid FCU and the United Way of Tuscon
Municipal Employees CU and Baltimore Cash

In the first 6 months for which we collected data, low income seniors accessed almost 800 products totaling over \$1,000,000

BEST

Best Internship-A program in partnership with NDI and a workforce development agency to place adults with disabilities at New Jersey credit unions

Provide a work experience opportunity through a Supported Employment model

What makes BEST Effective?

- Partnerships and Collaborations
- Use of the Supported Employment model
- Recruitment of interns based upon clearly defined indicators of success
- Kessler funding that ensures fair wages

2 year pilot program in NJ funded by the Kessler Foundation/7 cycles of interns

52 interns where placed at CUs in NJ

Program ran from 2010-2012 (ended March 31st) -Interns participated in one week of pre-training and then completed a six-week internship on-site at the Cus

All interns completed the program/ 15 interns were hired by the credit unions they worked at with positions ranging from administrative (receptionist) to upper level management (Director of Marketing)

Looking to expand the BEST model into other cities



BEST

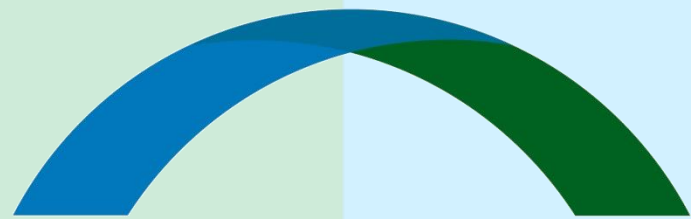
Ongoing efforts to insure and certify that CDCUs and all credit unions recognize the needs of members with disabilities and recognize the financial opportunities for the institution and are serving this community

For More Information on the BEST and Better Directions Program

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