

# FINANCIAL CAPABILITY LIFECYCLE

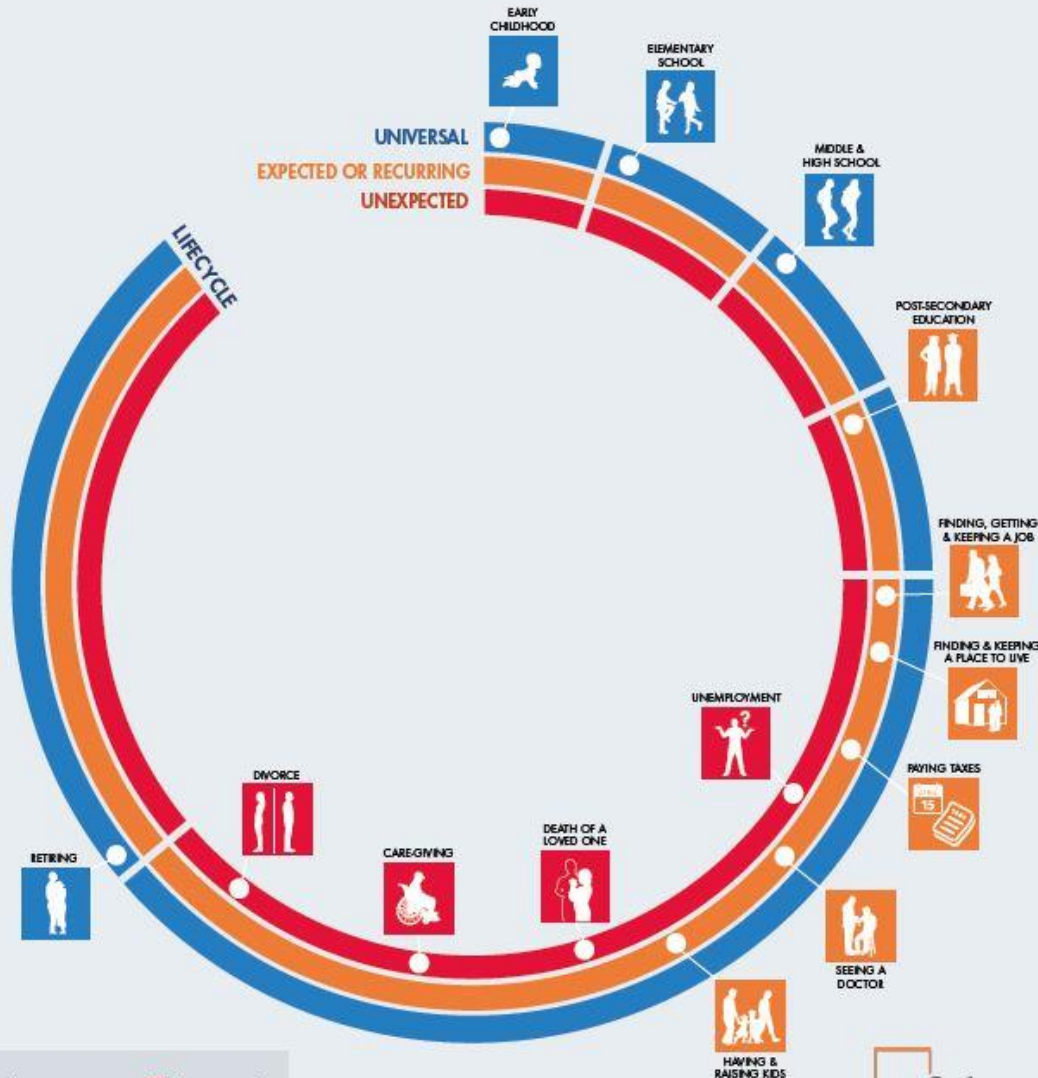
To achieve the opportunity economy, it is imperative to providing opportunities for families to build **financial capability**, defined as having financial knowledge, practicing financial skills and accessing financial products. These strategies provide on-ramps for families to get on the path toward saving and building assets.

We know, though, that this must be done in ways that are **relevant** and **actionable**. As practitioners, we must understand what is going on in people's lives. What are you worried about, dreaming about, planning for? That's the lynchpin upon which you will make financial decisions. Across the lifecycle, there are multiple times and ways in which we are primed to look around us — for advice, for products, for a hand — before we make a decision that impacts us financially. We're calling this the "Financial Capability Lifecycle."

To paint a picture of how financial capability develops, we've looked at three types of lifecycle events:





- **Universal experiences:** things that happen to everyone, like early childhood and middle school.
- **Expected or recurring experiences:** things that happen for most of us, but at different points in life, like having kids, getting a post-secondary education, paying taxes and finding a place to live.
- **The unexpected:** things that may or may not happen, but if they do there is a financial impact, like losing a job, getting very sick or having to care for aging parents.

From there, we examine *why* each of these represents an opportunity to introduce a financial capability service and what the goal might be in each of those moments. The lifecycle framework then goes on to explore the types of products and services we might put into place, and the delivery channels we might use to ensure that someone in that lifecycle moment is set up for success.



● Lifecycle Moment   ■ Universal   ■ Expected or recurring   ■ Unexpected



	LIFECYCLE MOMENT	What are the opportunities to build financial capability during this moment?	What are the goals during this moment?	Which products, practices and services could positively affect financial capability during this moment?	What are potential delivery channels or trusted intermediaries for the end-user during this moment?
<b>UNIVERSAL</b> These are the moments that everyone experiences, and at around the same age.	<b>EARLY CHILDHOOD</b> 	<ul style="list-style-type: none"> <li>Early learning activities</li> </ul>	<ul style="list-style-type: none"> <li>Build executive function to regulate impulse control later in life</li> <li>Develop basic skills and attitudes</li> </ul>	<ul style="list-style-type: none"> <li>Activities &amp; challenges that build self-efficacy &amp; skill</li> <li>Practice planning for long-term savings goals</li> <li>Books that focus on delayed gratification</li> </ul>	<ul style="list-style-type: none"> <li>Parents</li> <li>Preschools</li> <li>Daycares &amp; other childcare providers</li> </ul>
	<b>ELEMENTARY SCHOOL</b> 	<ul style="list-style-type: none"> <li>Financial literacy and numeracy</li> <li>Increased awareness of money and its uses</li> </ul>	<ul style="list-style-type: none"> <li>Develop knowledge &amp; attitudes about money</li> </ul>	<ul style="list-style-type: none"> <li>Modeling good practices and positive attitudes in consumer situations</li> <li>Coupling allowance with discussions &amp; activities about opening accounts, budgeting and savings</li> <li>Bank-in-school programs</li> <li>Simulated classroom economies (e.g., the Stock Market Game)</li> <li>Sales experiences (e.g., Girl Scout cookies, lemonade stands)</li> </ul>	<ul style="list-style-type: none"> <li>Parents/guardians</li> <li>Schools</li> <li>Other childcare providers</li> <li>Extracurricular programs (e.g., Girl Scouts, Boys &amp; Girls Clubs)</li> </ul>
	<b>MIDDLE &amp; HIGH SCHOOL</b> 	<ul style="list-style-type: none"> <li>Desire for independence and responsibilities</li> <li>Start to earn money</li> <li>Need to navigate college and financial aid</li> </ul>	<ul style="list-style-type: none"> <li>Develop conscious financial decision-making skills</li> <li>Develop good financial habits and rules of thumb (heuristics)</li> <li>Build confidence in financial decision-making skills</li> <li>Prepare for postsecondary education after high school graduation</li> <li>Ensure financial issues do not impede college access</li> <li>Make sound financial decisions about postsecondary options</li> </ul>	<ul style="list-style-type: none"> <li>Involve kids in family finances</li> <li>Involve kids in setting &amp; achieving their own financial goals (e.g., through work, allowance, chores)</li> <li>Open accounts for kids to manage on their own money</li> <li>Financial education &amp; bank-in-school programs that allow practice</li> <li>Simulated classroom economies (e.g. the Stock Market Game)</li> <li>Games &amp; apps that simulate financial experiences or help to experience consequences of actions</li> <li>Early work experiences (e.g., paper route, babysitting, cashier, server)</li> <li>Financial aid advising</li> <li>Help completing FAFSA</li> </ul>	<ul style="list-style-type: none"> <li>Parents</li> <li>Schools</li> <li>Extracurricular programs (e.g., Junior Achievement, DECA, Girl Scouts)</li> <li>Online apps &amp; games</li> </ul>
	<b>RETIRING</b> 	<ul style="list-style-type: none"> <li>Determining when to retire</li> <li>Determining monthly budget</li> <li>Determining how to pay for unexpected expenses</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring financial well-being after retiring</li> </ul>	<ul style="list-style-type: none"> <li>Financial advice to prepare for retirement</li> <li>Help with budgeting</li> <li>Rainy day funds</li> <li>Social Security &amp; Medicare support</li> <li>Retirement accounts (401k, 503b, myRA, IRAs)</li> <li>Employer benefit programs, including matches for retirement savings</li> </ul>	<ul style="list-style-type: none"> <li>Financial &amp; retirement advisors</li> <li>Benefits providers</li> <li>Employers</li> </ul>



# EXPECTED OR RECURRING

These are the moments most people experience, but either at different ages or at recurring intervals.

## POST-SECONDARY EDUCATION



- Applying for financial aid
- Determining how to pay for college
- Effectively managing a budget and matching income and expenses
- Managing uncertainty
- Learn about and use credit for the first time

- Ensure financial issues do not impede college completion
- Develop good financial habits

- Help with FAFSA
- Financial counseling to determine how to pay for college, choose a loan, etc.
- College Scorecard
- Education IDAs
- Budgeting help through a financial coach or other nonprofit service provider
- Aid Like a Paycheck
- Actionable financial education as a required course
- Emergency aid
- Appropriate, affordable debit cards for aid disbursement
- Free tax preparation assistance
- Review free annual credit report

- Financial aid offices
- Onsite financial counselors or coaches
- Student advisers
- FinTech services
- Card companies
- VITA programs
- Nonprofit partners focused on asset-building

## FINDING, GETTING & KEEPING A JOB



- Getting ready for the workforce
- Choosing a job
- Determining wage rate, total hours, job security
- Navigating & choosing taxes, benefits & retirement options
- Establishing direct deposit and setting up auto-save options for short- & long-term savings
- Ongoing support to set and reach financial goals, such as increasing savings and paying down debt

- Ensure credit scores don't inhibit job or self-employment chances
- Establish positive financial behaviors at the time of signing up for benefits & retirement plans
- Ensure financial stress does not impact productivity
- Build employee engagement by helping to deal with financial stressors

- Credit building or credit counseling
- Financial coaching to establish goals and encourage specific actions at the start of a job
- Auto-enrollment into retirement accounts
- Split direct deposit to both checking & savings accounts
- Employer-matched savings & student loan repayment
- Ensuring hours don't fluctuate dramatically
- Financial products that help smooth income fluctuations (e.g., Even, Active Hours, FlexPay)
- Affordable, convenient payday advance products offered through the employer
- Support with debt forgiveness programs
- Establishing emergency savings (3-6 months)
- Free tax preparation through VITA programs & EITC outreach
- Employer benefits programs

- Credit counselors
- Job coaches/financial coaches
- HR professionals
- Supervisors
- Benefits providers
- FinTech companies
- Payroll providers
- Nonprofits that can deliver services on-site
- VITA programs

## FINDING & KEEPING A PLACE TO LIVE






- Determining whether to rent or buy
- Determining what monthly payment is affordable
- Developing good credit score (either to be a better tenant applicant or for mortgage rates)
- Setting aside rainy day funds so cash shortage doesn't affect ability to pay rent or mortgage

- Stabilize a families' renting or homeownership situation
- Increase likelihood of getting to homeownership at the right time

- Financial coaching to help set & achieve housing goals
- Budget counseling
- IDAs for homeownership or security deposit or rainy day funds
- Credit building products
- Credit counseling
- Debt management
- Homeownership counseling
- Resident services in subsidized housing
- Family Self-Sufficiency program
- Online calculators and services like Mint.com
- Downpayment assistance

- Affordable housing providers
- Homeownership counselors
- Downpayment assistance programs
- Financial coaching programs
- Credit counselors
- Foreclosure prevention programs
- Banks & credit unions
- Realtors

<p><b>PAYING TAXES</b></p> 	<ul style="list-style-type: none"> <li>Having a financial conversation already</li> <li>If receiving a refund, making decisions about how to save or spend</li> </ul>	<ul style="list-style-type: none"> <li>Limit financial shocks</li> <li>Develop longer-term financial stability &amp; growth</li> </ul>	<ul style="list-style-type: none"> <li>VITA</li> <li>EITC</li> <li>Taxtime savings products</li> </ul>	<ul style="list-style-type: none"> <li>VITA programs</li> <li>Benefits providers</li> </ul>
<p><b>SEEING THE DOCTOR</b></p> 	<ul style="list-style-type: none"> <li>Financial stress may be cause of health related issues</li> <li>May be comfortable talking with medical professionals about these issues</li> <li>Insurance enrollment</li> </ul>	<ul style="list-style-type: none"> <li>Physical well-being and reducing toxic stress that leads to health problems</li> </ul>	<ul style="list-style-type: none"> <li>Financial coaching and counseling</li> <li>Insurance navigation</li> <li>Emergency assistance</li> </ul>	<ul style="list-style-type: none"> <li>Trained health-care professionals</li> <li>Intake staff</li> <li>Healthcare navigators</li> </ul>
<p><b>HAVING AND RAISING KIDS</b></p> 	<ul style="list-style-type: none"> <li>Determining when and where to raise children</li> <li>Planning for children's future and how to save for it</li> <li>Determining how to pay for child care</li> <li>Wanting a healthy place to raise your children</li> </ul>	<ul style="list-style-type: none"> <li>Build a strong financial future for your children</li> <li>Help parents establish or strengthen good financial habits</li> <li>Provide a stable childhood environment</li> <li>Teach children positive financial attitudes &amp; behaviors</li> </ul>	<ul style="list-style-type: none"> <li>Children's Savings Accounts, including 529s</li> <li>Savings matches for college</li> <li>Financial coach to set &amp; achieve financial goals, establish &amp; follow new budgets</li> <li>Housing counseling</li> <li>Child care vouchers</li> <li>Free &amp; reduced-price school lunch</li> <li>SNAP</li> <li>WIC</li> <li>Medicaid &amp; SCHIP</li> <li>Earned Income Tax Credit, Child Tax Credit &amp; Dependent Care Credit</li> </ul>	<ul style="list-style-type: none"> <li>Childcare providers</li> <li>Schools</li> <li>Parent networks</li> <li>Financial coaching programs</li> <li>Homeownership counselors</li> <li>Benefits providers</li> <li>VITA programs</li> </ul>

# UNEXPECTED

These are the types of moments that, although unexpected, most people experience at some point in their lives.

## UNEMPLOYMENT



- Need to cope with a new financial situation
- Need to find a new job – credit score may have an impact

- Survive a period of financial uncertainty
- Gain new employment

- Financial coaching to change budget and spending habits
- Credit counseling to manage debt and raise credit score
- Access to benefits

- American Jobs Centers
- Workforce Development Agencies
- Job coaches and financial coaches
- Financial Opportunity Centers

## DEATH OF A LOVED ONE



- Need to manage funeral expenses
- Need to manage different financial situation if deceased contributed financially to the household

- Manage a large lump-sum payment
- Prepare for a new financial reality

- Short-term loans or emergency financing
- Credit counseling
- Financial coaching

- Funeral homes

## CARE-GIVING



- Determining whether to begin caring for a family member who is older, younger or has a disability
- Determining whether to change employment jobs to accommodate care-giving
- Managing the cost of care-giving

- Ensure financial stress doesn't get in the way of family members' health & well-being
- Ensure care-giving doesn't create financial strain

- Financial coaching to help manage the transition to care-giving
- Financial coaching to change budgets & spending habits
- Medicare & Medicaid
- SNAP
- Earned Income Tax Credit, Child Tax Credit & Dependent Care Credit

- Health care providers
- Financial coaching programs
- Benefits providers
- VITA programs
- Caregiver networks

## DIVORCE



- Need to cope with a new financial situation
- Need to create financial independence

- Secure financial footing through and after the divorce

- Financial coaching and counseling

- Marriage counselors
- Lawyers

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