

## STEPPING STONES



# WALKING alongside

strengthening congregational community ministries

## » Step by Step: Financial Literacy Ministry «

### » GETTING STARTED

#### What is Financial Literacy Ministry?

Financial literacy describes our ability to make appropriate financial decisions and manage our money. Banks, government agencies, community interest groups and policy makers are interested in helping consumers know as much as they can when it comes to financial concepts and their ability to make the best financial decisions.<sup>1</sup> A variety of financial literacy programs are available to address consumers' needs. Some such programs include information on savings, credit and similar topics, while others are designed for specific groups such as military personnel or youth. Some training programs are focused on specific goals such as savings or home ownership.

#### Why is there a need?

A lack in financial planning often results in financial stress on individuals and families that can lead to poverty. For example, only 21% of workers in the United States say they are confident that they will have enough money to be supported throughout their retirement.<sup>2</sup> Beyond retirement concerns, Americans are drowning in increasing amounts of debt. The average credit card balance per U.S. household rose from \$2,985 in 1990 to \$8,562 in 2002.<sup>3</sup> This debt has contributed to a startling increase in personal bankruptcy. From 1990 to 2000, the rate of personal bankruptcy rose by 69 percent.<sup>4</sup> All of this has contributed to the United States having the lowest individual savings rate in the industrialized world.<sup>5</sup> Without wise financial planning, American individuals and families will be unable to support themselves and support their community. Many states are now requiring financial literacy classes in high schools as a means of educating teenagers about the importance of financial matters.

#### Stepping out in faith

Here are some "first steps" to consider as your congregation begins a financial literacy ministry:

- Participate in assessments designed to discover the scope of the need in your community and the resources your congregation possesses to meet that need
  - Research existing programs in your community that teach Financial Literacy
  - Talk with schools, banking and other financial centers, and non-profit organizations to determine what services they are already offering
  - Once the interest for this ministry has been confirmed and research completed, begin the steps of educating the congregation and recruiting teachers and volunteers
  - Choose a curriculum, find a meeting space, and advertise in your church and community



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### What this ministry might look like in your church

Congregations can choose any level of involvement, but here are a few suggestions:

- Form a mentoring program to provide one-to-one help to persons in financial crisis or desiring help with their personal budget
- Offer a financial literacy class for your congregation using one of the many curriculums available
- Sponsor a financial literacy workshop for people in your community
- Provide personal budget training to college-bound seniors
- Teach money management basics to participants in your church's ESL or conversational English program
- Work with foundations and others in your community to develop an Individual Development Account program to help first time homebuyers.

### Backpacks

The *Walking Alongside* Web site provides a Backpack of additional resources and examples for this specific ministry. Included are published articles, Web sites, selected books, testimonials and existing ministries with contact information.

### Pathways

Learn from the first-hand accounts of those already engaged in this specific ministry. Plus, develop networking contacts as go-to sources to explore solutions to challenges or celebrations of successes.

### Food for the Journey

A short devotional based on scripture that can be used in church bulletins, as a Moment for Mission during worship or as an introduction to a Bible study.

### Reference

1. Braunstein, S. & Welch, C. (2002, November). Financial Literacy: An Overview of Practice, Research, and Policy. *Federal Reserve Bulletin*.
2. *Retirement Confidence Survey - 2003 Results*. (2004, April 19). Employee Benefit Research Institute. <http://www.ebri.org/surveys/rcs/2003>.
3. Breitbard, S. H. (2003). Jump-Starting Financial Literacy. *Journal of Accountancy*, 56.
4. *Bankruptcy Filings Set Record in 2001*. (2002, February 19). American Bankruptcy Institute. <http://www.abiworld.org/release/4q01.html>.
5. *State of Financial Literacy and Education in America*, 107th Cong., 0969 (2002) (testimony of Don M Blandin).