

## **Kid's Savings Project – Hawai'i Island**

The Kid's Savings Project-Hawai'i Island gives children the opportunity to open a savings account and start saving for their future. In a partnership between Dr. Michael Cheang of the University of Hawai'i at Mānoa, local credit unions, the Hawai'i Alliance for Community Based Economic Development (HACBED), and funding support from the County of Hawai'i's Department of Research and Development, children on Hawai'i Island have the opportunity to open a savings account, set a savings goal, and receive \$25.00 for saving their money over the course of a school year.

Since the project started on Hawai'i Island in January 2010, there are now 7 schools, 4 credit unions, and about 300 children from grades kindergarten to 5<sup>th</sup> grade that participate in the Kid's Savings Project. The children have saved a combined total of over \$17,000. Several schools will join the project in 2011.

The Kid's Saving Project provides children an opportunity to learn about finances while saving for a goal, whether a toy, video game, or for college education. In a partnership between local credit unions, who go into the schools at least once a month to collect deposits from children, and Dr. Michael Cheang of the University of Hawai'i at Mānoa, who's research and data collected from the project will help educate policymakers and the larger community about children's savings and it's affect on our children's financial behavior for the future.

The Kid's Savings Project provides children, who primarily come from low-income families, a means to open and maintain savings accounts. Families that are part of the project are seeking out ways to provide monies for their children to earn money to put into their savings account. Some families have formed weekend outings where they pick up cans and recycle them and put the monies earned into their children's savings account. Initial findings show success in children's savings behavior and their thinking about finances, as well as, changes in family financial behavior and family discussions around savings.

The Kid's Savings Project-Hawai'i Island is part of a larger movement in Hawai'i around family financial empowerment and asset building. The Kid's Savings Project-Hawai'i Island is part of the statewide Kid's Savings Project, which involves schools across the state of Hawai'i. Since the project started in 2008, 13 schools now participate and the children have saved over \$82,000.

The Kid's Savings Project also complements other local asset building and financial empowerment programs and projects on Hawai'i Island, which include a youth IDA program in Maku'u and free volunteer tax assistance sites across the island.

### **Relationship to the Hāmākua CDP:**

The Hāmākua CDP process will help publicize the savings program to reach a goal of a savings account for every child in the Planning Area. Also, the program will create another opportunity to involve kids and parents in the CDP Process.

A kindergartner who starts to save today will be 30 years old when the planning horizon for the Hāmākua CDP is reached. Kids who participate in this project and start to save today will reap tangible benefits of being a part of the CDP process.

# Kids Savings Project – Hawai‘i Island

The Kid’s Savings Project – Hawai‘i Island is part of the statewide Kid’s Saving Project founded by Michael Cheang, PhD.  
For more information, contact HACBED at 808-550-2661 or [assetpolicy@hacbed.org](mailto:assetpolicy@hacbed.org).

**What is it:** The Kids Savings Project is a partnership between the Michael Cheang from the University of Hawai‘i at Manoa, HACBED, County of Hawai‘i, public elementary schools, and local credit unions on Hawai‘i Island. It is a research study that explores the extent to which parents are having their kids to save money for their future.

**Purpose:** To get children to start saving money regularly early in life in order to take advantage of the benefits of compounding interest

**Goal:** To have children start early so that they may eventually have financial security in their adult life.

## How it works

1. At the start of the school year, we bring a local Federal Credit Union to the school to help students open a savings account. Parents set aside \$5 to open this account for their child. If grant funding is available, this \$5 seed money will be provided to the child.
2. In order to make it convenient for parents, the local Federal Credit Union will send two employees to the school every month during the school year to collect deposits.
3. Child starts saving regularly for the school year (start in September and end in May the following year).

## What children get if they choose to participate

1. Piggy bank, a savings passbook, and if grant funding is available, seed money (\$5 to start) and \$20 bonus at end of school year if child’s financial goal is achieved.

## How parents can help

1. Help child to open a savings account through this school project (Bring parent’s state issued ID, and child’s birth certificate – this may differ according to the local credit union’s requirement).

2. Help child pick one of the financial goals below:

Option	Amount to save a day	Goal for the year
1	25 cents a day	\$50
2	50 cents a day	\$100
3	\$1 a day	\$200

3. Give child an allowance so that part of allowance can be saved, or
4. Find ways for child to earn money to save (e.g., doing chores, running errands, and working on recycling projects).
5. Allow child to bring the money saved to be deposited at school (i.e., give the child the experience of depositing money, getting a deposit receipt, and seeing the money accumulate over time).
6. Talk to child about money matters (for example, cutting coupons to save money when buying groceries at a supermarket, showing the child the food and utilities bills, etc.).
7. Encourage and support child to save regularly.
8. “Parallel save” with child (i.e., open an account at the same credit union and save together with the child. Get siblings to save together with the child).
9. Get family and grandparents involved to support child in savings effort (e.g., give money instead of buying expensive toys on birthdays and Christmas).

## What child needs to do

1. The child agrees to save a realistic amount (e.g., 25 cents, 50 cents or \$1) each weekday of the school year (about 40 weeks... start in September 2010 and finish at the end of the school year in May 2011). Parents can agree with child this may be done on a weekly basis instead of a saving on a daily basis.
2. Child deposits money saved at school each month. The credit union staff will come to school to collect the money. A receipt will be given to the child when the deposit is made, and an official statement will be mailed to the child for each month’s deposit.
3. Keep track of how much has been saved each month.

## Benefits for being a part of the savings project

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1. The child gets a head start on savings.
2. The child develops a savings habit.
3. The child gets to save together with her or his peers (siblings, and parents).
4. The child gets money saved at end of timeline.
5. The child learns to set a concrete and realistic life goal and gets support to achieve it.
6. The child learns to plan for the future, and to carry out the plan.
7. The child acquires important life values like perseverance, consistency, discipline, being proactive, etc.
8. The child's savings habit may lead to larger, life changing outcomes in the future like saving for college, saving for emergencies, or saving for a down payment to purchase a home, and financial independence.

## Benefits for Schools

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1. School has a win-win community project that directly benefits the child in the short and long run. Survey findings from five public elementary schools indicate that over 80 percent of parents are interested in a kid's savings project.
2. School has a wonderful opportunity to incorporate kids (and parents') savings experience with math, economic and social studies concepts.
3. School has opportunities to relate on-going, real life kids savings experiences to DOE performance goals.
4. School has a working relationship with a local, community minded non-profit financial institution that supports community development.

## How the school can help

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### At start of project:

1. Help distribute and collect parents' survey. Lucky draw for survey participation (two \$25 Longs Drugs' store gift cards will be given away at each school).
2. Announce/publicize the project to parents/guardians
3. Create process for signing up and registering the kids (schools have different preferences and systems).
4. Keep master list of names of those who sign up and give the list to credit union staff to work with.
5. Inform parents when registration date, time and place (e.g., meet at school cafeteria at 5:30 p.m. on

Monday, Sep. 5) and what they need to bring to register their kids (Picture ID, child's soc sec #).

6. Introduce cafeteria manager to credit union staff so that they will be familiar faces when they show up to collect deposits

### When project is up and running,

7. Remind parents of deposit days (monthly)
8. Create a poster for Kids Savings Project (art project for kids)... this is up to the school.
9. Create webpage to post deposit days, month's summary of deposits, kids' writing about their savings experiences, etc.

### Middle and End of Project:

10. Help announce and recruit participating parents to come to talk story sessions on what Kids Savings experience has been for them, challenges, and successes.
11. Help recruit participating parents for end of school year project evaluation (talk story session)
12. During these talk story session, arrange for dinner and child care for parents and kids. Grant funding will pay for dinner and child care.

## How PTA can help (if PTA is functional)

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Find volunteers to support school staff who is helping this project.

## How local credit union can help

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1. Provide new accounts registration services at school on an agreed evening.
2. Provide two staff each month to collect deposits from kids at school each month (7:20 – 8:10 a.m.) when the kids get dropped off at school in the morning.
3. Send Michael Cheang (researcher on this project), HACBED & Hawai'i County the monthly deposits data (minus the kids' names and account numbers).

## Benefits to Credit Union

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The credit union will get approximately 40 – 70 new accounts each year when we recruit children into the Kids savings project each year. The parents will become likely credit union members to use all the other credit union financial services.