Tackling Tough Topics

July 18, 2022

HEFWA Summit

Gameplan

Introductions

Why Tough Topics

Common Barriers

Curriculum: Taxes

Curriculum: Investing

Conclusions + Q&A

University of Pennsylvania

- Four-year, private university
- 28,000+ students
- Grant-based aid program for undergraduates

Financial Wellness @ Penn

- Program launched in January 2020
- 8 peer educators
- Provide education through workshops & peer counseling

Lyndsi Burcham

Financial Wellness @ Penn

alooola

- Financial platform built around partnerships with universities & corporations
- 3,000+ individuals utilizing educational resources
- Founded by two MBA students focused on wealth inequality

Financial Education Platform

- Established in 2019 to work with students & young professionals
- Focused on answering questions regarding debt, investing, starting a family, saving, credit scores, etc.
- Provides access to licensed financial advisors and free investing mobile app

Carol Ann Fernandez

alooola

Denison University

- Four-year, private university
- ~3,000 students
- Meets 100% of demonstrated need

Financial Wellness Program

- Launched Spring 2019
- 1 FTE and 3 student interns
- Offers financial coaching, workshops, events, and emergency aid assistance

Samantha Smith

DENISON Financial Wellness

University of Illinois System

- Public institution with 3 universities
- ~95,000 students as of Fall 2021
- Land-grant mission

Student Money Management Center

- Launched in Fall 2010
- 1 FTE, 1-3 grad students, & 3-15 interns
- Now focused on virtual education & scalable programs

Andrea Pellegrini

UNIVERSITY OF ILLINOIS SYSTEM

Altogether Extraordinary™

Discussion

What are some obstacles you have encountered in tackling tax and/or investing education?

Use Padlet to answer:

Student Interest

Taxes & investing are some of the most requested topics from students.

66% of students evaluating Financial Wellness @ Penn workshops request investing and/or tax topics.

Limited Coverage

Rarely covered in HEFWA sessions.

43% of HEFWA institutions report covering investing in workshops (2020 Survey of Financial Wellness Programs in Higher Education).

Long-term Impact

Taxes are a lifelong responsibility, whether annually or more frequently.

Lack of investing knowledge reduces opportunities to build wealth.

10.7% of families in the 20th income percentile hold retirement accounts compared to 80.8% in the 90th percentile (2019 Survey of Consumer Finances by the Federal Reserve).

Student Interest

Taxes & investing are some of the most requested topics from students.

66% of students evaluating Financial Wellness @ Penn workshops request investing and/or tax topics.

Limited Coverage

Rarely covered in HEFWA sessions.

43% of HEFWA institutions report covering investing in workshops (2020 Survey of Financial Wellness Programs in Higher Education).

Long-term Impact

Taxes are a lifelong responsibility, whether annually or more frequently.

Lack of investing knowledge reduces opportunities to build wealth.

10.7% of families in the 20th income percentile hold retirement accounts compared to 80.8% in the 90th percentile (2019 Survey of Consumer Finances by the Federal Reserve).

Student Interest

Taxes & investing are some of the most requested topics from students.

66% of students evaluating Financial Wellness @ Penn workshops request investing and/or tax topics.

Limited Coverage

Rarely covered in HEFWA sessions.

43% of HEFWA institutions report covering investing in workshops (2020 Survey of Financial Wellness Programs in Higher Education).

Long-term Impact

Taxes are a lifelong responsibility, whether annually or more frequently.

Lack of investing knowledge reduces opportunities to build wealth.

10.7% of families in the 20th income percentile hold retirement accounts compared to 80.8% in the 90th percentile (2019 Survey of Consumer Finances by the Federal Reserve).

Student Interest

Taxes & investing are some of the most requested topics from students.

66% of students evaluating Financial Wellness @ Penn workshops request investing and/or tax topics.

Limited Coverage

Rarely covered in HEFWA sessions.

43% of HEFWA institutions report covering investing in workshops (2020 Survey of Financial Wellness Programs in Higher Education).

Long-term Impact

Taxes are a lifelong responsibility, whether annually or more frequently.

Lack of investing knowledge reduces opportunities to build wealth.

10.7% of families in the 20th income percentile hold retirement accounts compared to 80.8% in the 90th percentile (2019 Survey of Consumer Finances by the Federal Reserve).

Discussion

What are some obstacles you have encountered in tackling tax and/or investing education?

Use Padlet to answer:

Potential Solutions

- Seek compromises within your institution.
- Engage external resources.
- Compile basic resources as a starting point, with opportunity for referrals.
    - Reputable services like IRS, SEC, and CFPB offer good starting points.

Barrier #1: Institutional Limits

The Problem

- Limiting staff due to liability concerns
- Institutional hesitation

The Approach

- Ask questions to identify the boundaries
- Work with legal team/general counsel to approve disclaimers
- Ask if external resources remove liability from staff

Barrier #2: Limited Resources

The Problem

- Staff may be constrained by time, institutional priorities, and more

The Approach

- Seek out free or paid external resources
- Compile basic education from reputable resources
  - Use student staff for this if you have them!
- Even if not the biggest priority, consider having places to refer students with questions.

Barrier #3: Lacking Qualifications

The Problem

- Staff may feel unqualified to discuss these topics

The Approach

- Outsource to external resources
- Consider pursuing a relevant training/certification if time and money allow
- Communicate limitations effectively. You don't have to do it all, so do what you can.

Tax Context

What are taxes?

Why do we file annually?

Who has to file?

Where do you file?
- State reciprocity

How do you file?
- Free vs. paid resources

Forms & Key Terms

What income is taxable?

Define key forms
- W-2
- 1099
- W-4
- 1098-T
- 1098-E

Introduce the 1040

Tax credits vs. deductions

Student Concerns

Filing status & dependency

Tax implications of grants & scholarships exceeding QEE

Unique requirements for international students

Tax Implementation

Denison

- Sprintax for international students
- Taxes for grant funding above qualified expenses

University of Illinois System

- Graduate student funding taxability
- Tax education requires consistent review

Before Investing

Steps to take before investing:
- Set a goal
- Budget
- Save

Key concepts:
- Time horizon
- Risk tolerance
- Diversification
- Passive vs. active

Understanding Assets

Stocks

Bonds

Index funds

Mutual funds

Exchange-traded funds

Choosing Accounts

Retirement
- Why does it matter?
- Employer-sponsored vs. individual accounts
- Roth vs. traditional

How to compare platforms/institutions
- Common apps (Acorns & RobinHood)
- Brokerage accounts

Investing Implementation

Penn

- Primarily use an external resource
- Beginning to develop internal resources

Aloooola

- Tailoring investing topics to different kinds of students

Conclusions

- Proactively provide tax and investing education to your students, whether you can do it internally or externally.

- Resources:
  - Taxes Curriculum
  - Investing Curriculum
  - Questions to Ask Your Institution

Questions?