

# REAL Solutions FAQ (Frequently Asked Questions)

## What is REAL Solutions?

"REAL" stands for "Relevant, Effective, Asset-building, Loyalty-producing" Solutions. The program is designed to help credit unions offer dozens of services that have proven successful in serving people of modest means, working families, and "low wealth" households. More than 260 credit unions in 14 states with 6.2 million members are already participating in the program. Success stories arrive daily telling how credit unions have been able to help their members with products and services which exemplify the "Not for profit, not for charity, but for service" motto of credit unions.

"REAL Solutions is designed to help credit unions effectively reach low-wealth households and create a new generation of loyal credit union members," explains National Credit Union Foundation (NCUF) Executive Director Steve Delfin. "This is important because underserved households - while at the bottom of the economic pyramid now - represent future savers, future car-buyers, future homeowners, and future generations of credit union members."

## Who is included in the "low-wealth" market?

Research has shown the low-wealth market includes not only lower-income consumers and low-wage workers, but also consumers with moderate and middle incomes who have been unable to build significant savings or assets. In other words, low-wealth includes people who have decent incomes, but who spend it all and people of all income levels who live paycheck to paycheck. The low-wealth market is not a "politically correct" way to refer to deadbeats.

## Who else serves the "low-wealth" market? What is the potential market?

Traditionally, low-wealth households turned to "alternative financial services" (AFS) outlets to meet their basic financial needs. Traditionally, AFS has been comprised of check-cashers, payday lenders, finance companies, pawnshops, rent-to-own stores, and auto title lenders who work with this market for the purpose of generating revenue to make a profit. The AFS market is estimated to be \$250 billion annually. The number of check cashing outlets grew from 6,000 in 2000 to 13,000 in 2005, while the number of payday lending outlets grew from less than 50 in 1990 to more than 26,000 today.

Large corporations are now actively trying to capture this lucrative market of low wealth households. For example, Wal-Mart has introduced Money Centers in its stores which offer services, such as check-cashing for a \$3 maximum fee, money transfers, money orders, bill payment, check printing, credit cards, and investment services.

## What type of products and services are in the program?

There are five categories for the products and services: education, transaction services, savings, credit, and home ownership. Specific examples include check cashing, pre-paid stored-value cards, tax preparation services, refund anticipation loans, bill payment services, payday loans, savings vehicles, and wealth accumulation.

## What are the benefits of REAL Solutions?

The credit unions from Illinois who are selected to participate in the first round will have access to:

- \* Proven products and services designed to meet the comprehensive needs of low-wealth families
- \* Business models, technology and skills from REAL Solutions program consultants
- \* State-level partner meetings featuring speakers who are subject experts that have created and introduced products and services for low-wealth households
- \* Opportunity to select the specific products and services they will offer and access implementation assistance
- \* Online learning center which will share best practices, a database created using tested research strategies, tools for identifying low-wealth members, and much more

## How does my CU become a program participant?

There are a limited number of spots in the first round (a.k.a. "The Groundbreakers"), so there will be an application process used to select participants. Interested credit unions should attend one of the Introductory Conferences on March 11 in Springfield or March 12 in Naperville, and must submit an application form by March 25. Participant selection will take place by April 1. The personalized, diagnostic interviews with the REAL Solutions Field Coach will be completed by April 11. The initial meeting of the first round will take place at the League's Annual Convention on April 17.

## What are the obligations of my CU?

The participation fees for the REAL Solutions program have been covered by the Illinois Credit Union League (ICUL) and ICUL Foundation. REAL Solutions is a benefit of your ICUL membership. Each participating credit union will sign an agreement form (included as part of the application process) which indicates willingness and ability to serve the low-wealth market. At least one representative from your credit union must attend the partner meetings. There will be at least 5 partner meetings held between April 17 and October 31, 2008.

Please note: the turn-around time for enrolling in REAL Solutions as part of "The Groundbreakers" (credit unions who will comprise the first round of participants) is very fast. If others at your credit union need to approve participation in the program, please share the REAL Solutions materials with them immediately. See the NCUF and ICUL websites for more details. Interested credit unions can begin submitting their application forms at the Introductory Conferences.

## Where can I find more information on REAL Solutions?

For questions about the REAL Solutions program in Illinois, contact Vicki Ponzo at the League office (800-942-7124). To read success stories from credit unions already participating in REAL Solutions, go to the National CU Foundation's website ([www.ncuf.coop](http://www.ncuf.coop)) and click on "REAL Solutions" tab. To print a meeting agenda or participant application form, go to the League's website and click on the REAL Solutions logo.