

MORGAN FRANKLIN FELLOWSHIP FOUNDATION, INC.



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Business Brief

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Morgan Franklin Fellowship

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Morgan Franklin Fellowship Foundation, Inc.

BUSINESS BRIEF

EXECUTIVE SUMMARY

Overview of Financial Literacy in the US

According to the Financial Literacy and Education Commission report entitled *National Strategy 2016 Update, As of 2015*, less than a third of American adults had been offered financial education at a school, college, or workplace, and only one in five say they participated in financial education.¹ The Wall Street Journal reported in April of 2017 that an estimated 30% to 40% of retirement wealth inequality can be explained by differences in financial knowledge.²

As reported by the National Financial Educators Council, “Financial decision-making can be influenced positively by presenting high-quality, non-complex information; providing incentives for good decisions; and facilitating the best use of available information in real-life situations.”³

Morgan Franklin Fellowship Mission Statement

To teach financial literacy to youth ages 12-20 from all socio-economic groups with the goal of building financial independence.

Morgan Franklin Fellowship Vision Statement

Inspire current and future generations to improve their financial well-being to ensure secure, stable and satisfying lives.

Morgan Franklin Fellowship Objectives/Pillars

- **Education** - Educate youth on financial literacy
- **Growth** – Increase the number of youth participants engaged in real-world trading in the stock market for educational purposes without any personal risk
- **Diversity** – Construct an inclusionary program, specifically targeting youth from underrepresented and low-income backgrounds
- **Perpetuity** - Ensure that the program runs in perpetuity

Brief Description

The Morgan Franklin Fellowship Foundation, Inc. (MFF) was founded by Peter Morgan in 2014. MFF is a unique student educational program designed to give youth ages 12-20 the opportunity to learn financial literacy. In year two of the program, accepted Fellows invest in the stock market without any personal risk to themselves, their parents/guardians, program Mentors, or Sponsors. Each Fellow invests the money loaned to him or her for purchases in the stock market for up to fifteen years for educational purposes. In addition, the Fellow has the potential to build earnings (the amount of the gain from his or her stock portfolio) which are required to be placed in a Roth IRA opened by the Fellow. MFF will also facilitate additional educational opportunities if desired by the Fellow such as job shadow and internship openings.

ORGANIZATIONAL STRUCTURE

Ownership

The Morgan Franklin Fellowship Foundation, Incorporated is a New Hampshire nonprofit corporation which has a 501(c)(3) tax-exempt status from the IRS and is registered with the New Hampshire Attorney General, Charitable Trusts Unit.

Location

The Morgan Franklin Fellowship is based in Manchester, New Hampshire but there are no geographical boundaries. Currently, Fellows are located in New Hampshire, Virginia, North Carolina, South Carolina, Tennessee, Georgia and elsewhere. Mentors are also located in numerous states. Not all mentors live in the same state as their assigned Student or Fellow.

Financial Literacy Education

The MFF program begins with Students completing and passing three self-paced interactive online educational literacy courses designed to increase knowledge in financial literacy. Upon successful completion of the three educational courses, the Student earns the title "Fellow" and can then apply to the investment portion of the program.

Educational Program Courses

1. Introduction to Financial Literacy
2. Long-term Management of Personal Finances
3. Business Finances and Community Service

Educational Program Requirements for Students

1. Online attendance will be recorded and all online educational tasks and activities must be completed including knowledge checks, surveys and reflection papers.
2. Participation and interaction with both a Personal Mentor and a Financial Mentor are required.
3. Applying to participate in the investment program (the following year) is voluntary and occurs upon the satisfactory completion of the educational program.
4. Not all students who complete the educational program will be accepted into the investment program. A review of the Student performance and participation in the MFF educational program will determine which applicants will be accepted into the MFF investment program.
5. The participant must remain a Student in good standing.

Investment Program

Funding for MFF is outlined below. All investment money lent to the Fellow (with the exception of authorized donor contributions) will be returned to the Foundation and/or Mentors when the Fellow exits the program. At no time will participation in the investment portion of the MFF program cost the Fellow any money, nor is the Fellow, their parents, their Mentors or their Sponsors ever responsible for any decrease in the initial investment. Losses in stock values will be covered by MFF. The Fellow will retain all dividends and interest earned on the MFF joint account in a Roth IRA.

Investment Program Course

1. Hands-on Investing – for Fellows accepted into investment program
 - a. Each Fellow begins this course prior to the start of the investment component of the program

Fellow Funding for MFF Program

Year of Program for Self-Sustaining or Sponsored Student/Fellow	MFF Investment Loan	Mentor or Sponsor Investment Loan	Total Funds Invested in Market
1	\$0	\$0	NA
2	\$1,000	\$0	\$1,000
3	\$1,000	\$1,000	\$3,000
4	\$1,000	\$2,000	\$6,000
5	\$1,000	\$3,000	\$10,000
6	\$1,000	\$4,000	\$15,000
7	\$0.00	\$0.00	\$15,000
8	\$0.00	\$0.00	\$15,000
Program Investment	\$5,000	\$10,000	

Investment Program Requirements for Fellows

1. Open a joint investment account at Charles Schwab with their Personal Mentor and MFF. No transactions or other co-mingled funds will be allowed in this account.
2. Participate in a quarterly financial dialogue with their Financial Mentor to review their MFF stock portfolio and complete quarterly reflection reports.
3. Deposit all gains from their MFF portfolio into a Roth IRA.
4. Return all investment money lent to the Foundation, Mentors and Sponsors upon exit from the program.
5. Remain a Fellow in good standing.

Additional MFF Opportunities for Fellows

The MFF Fellows are encouraged to seek additional opportunities to further their educational experience.

1. Meeting Observation – MFF will help facilitate opportunities for interested Fellows to attend and observe meetings such as corporate board meetings, BNI meetings (Business Network International), community meeting and a wide variety of meetings.
2. Job Shadowing – MFF will seek businesses to provide interested Fellows with an opportunity to accompany an experienced worker as they perform a targeted job so the Fellow can observe and see what it is like to perform that specific type of work.
3. Internship Opportunities – MFF will assist interested Fellows in locating internship opportunities (paid or unpaid) to work in a temporary position, such as a summer internship.

APPENDIX

Definitions

Fellow – a youth who has completed the online educational courses of the MFF program. Fellows are qualified to apply to the investment component of the program.

Financial Mentor – an adult who has in-depth knowledge and experience in finance, the stock market and/or business who is willing to provide lesson reinforcement/support to one or more participants in the Morgan Franklin Fellowship program. An online Financial Mentor reference guide and resources will be provided.

Personal Mentor – an adult who is willing to provide lesson motivation/encouragement to one or more participants in the Morgan Franklin Fellowship program. This individual is not required to have financial knowledge or experience. An online Personal Mentor reference guide and resources will be provided.

Self-Sustaining Fellow – a youth between the ages of 12 and 20 who has been selected and agreed to participate in the MFF investment program and is self-funded.

Sponsor – an individual, company or corporation willing to provide financial funding to sponsored participants during the investment portion of the program.

Sponsored Fellow – a youth between the ages of 12 and 20 who has been selected and agreed to participate in the MFF investment program and is funded by a Sponsor.

Student – a youth between the ages of 12 and 20 who has been selected and agreed to participate in the MFF educational program.

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1. FINRA Investor Education Foundation, National Financial Capability Study: U.S. (July 2016), <http://www.usfinancialcapability.org/results.php?region=US>.
 2. The Wall Street Journal, How Financial Knowledge Drives Wealth Inequality, (2017), <https://blogs.wsj.com/experts/2017/04/09/how-financial-knowledge-drives-wealth-inequality/>
 3. National Financial Educators Council, Altman M. Implications of Behavioral Economics for Financial Literacy and Public Policy, as reported in the National Financial Capability Strategy., (2016), <https://www.financialeducatorscouncil.org/financial-literacy-statistics/>