



CONCEPT DOCUMENT

Home Free

TEAM MEMBERS

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PROBLEM DEFINITION

For decades, college graduates, young couples and families have dreamed of owning their own home. Unfortunately, that dream is becoming less and less attainable for the millennial generation. The statistics paint a shocking picture: as of 2014, the homeownership rate for millennials age 25 to 29 had bottomed out at 34%, near the lowest on record;¹ more millennials than ever are living with mom and dad, with the highest rates since 1940; and in 2015, 48% of young men ages 18-34 and 36% of young women of the same age lived at home.²

The rising tide of student loan debt, the increased cost of home ownership, and the declining ability for millennials to secure a good paying job after college are key factors impacting current levels of home ownership for individuals aged 19 to 35. In many areas of the U.S., millennials watched their parents struggle through the great recession as homes lost value or were foreclosed entirely. This experience has made a lasting impact upon how these individuals perceive home ownership. While previous generations relied upon home ownership as a retirement cushion, millennials may not have this luxury, potentially leaving them less financially stable in retirement. Concurrently, credit unions rely on mortgage growth for loan volume and long-term interest income, as well as a greater share of wallet with that member. A generation without mortgages could significantly hurt credit union growth.

How might we better prepare millennials for home ownership?

INNOVATIVE SOLUTION

Home Free is a rewards-based credit card program that accumulates cash back that can be applied to expenses related directly to home ownership, such as a down payment. Features of the product include:

- No fee to transfer between family members, so parents and relatives can contribute towards the millennials' cash back amount.
- Program members are rewarded for positive financial behavior (i.e., paying their credit card balance in full and on time, raising their credit score, spending more at the grocery store than at a restaurant, etc.).
- After joining, individuals become members of an online community where they can earn additional rewards by completing activities and tutorials such attending online workshops on home buying. The online community also provides individuals with the opportunity to connect with like-minded people, as well as experts and resources.
- Participating credit unions can encourage members to choose their credit union to transfer their cash back earnings into a mortgage by offering financial incentives or a matching program (examples include: matching Home Free savings up to a specified limit, covering closing costs, etc.).
- Because saving for a down payment can be a long-term project (and it may be difficult to see progress), the online community can use smaller reinforcement throughout the process to help encourage the member to continue using the card. Similar to Hatchmyhouse.com, the member will be notified that they have saved enough for individual parts of the house, like a new set of windows, carpet, a garage door, etc.

¹ https://www.newamerica.org/downloads/Millennials_and_Homeownership.pdf

² <http://time.com/4108515/millennials-live-at-home-parents/>

The rewards program has the added benefit of helping millennials build credit in a responsible way. And, since 68% of millennials have at least one credit card, they would be using a product they are already familiar with.³

PROTOTYPE

We determined that in order to bring this product to market as quickly and efficiently as possible, we would position this product as one that is ultimately created and managed by a credit card service provider and then licensed for use at individual credit unions (In some cases, licensing fees may apply. Please see *Financial Proforma* section for more information).

Due to time constraints, we determined a working prototype was not feasible considering we were not able to create, market and test the product for a sufficient period of time. In lieu of launching a physical credit card product, we surveyed three groups to measure product viability: millennials; parents, family and friends of millennials; and credit union decision makers. We provided all groups with a short description of the product, a video that helped explain the product further, and a mockup of the proposed online community (See *Appendix B*).

In addition, we reached out to credit card service providers in both the United States and Canada to explore the idea with them and gauge viability of our vision.



³ <https://filene.org/research/report/gen-y-personal-finance-a-crisis-of-confidence-and-capability>

TESTING AND RESULTS

To assess the desirability, feasibility and viability of Home Free, we adopted a multi-pronged approach to testing. This approach included surveys designed to collect feedback from the three key stakeholder groups. In addition to garnering survey feedback, we held one-on-one interviews with credit card service providers in both Canada and the United States.

Survey Results

Highlights from the Millennial Survey:

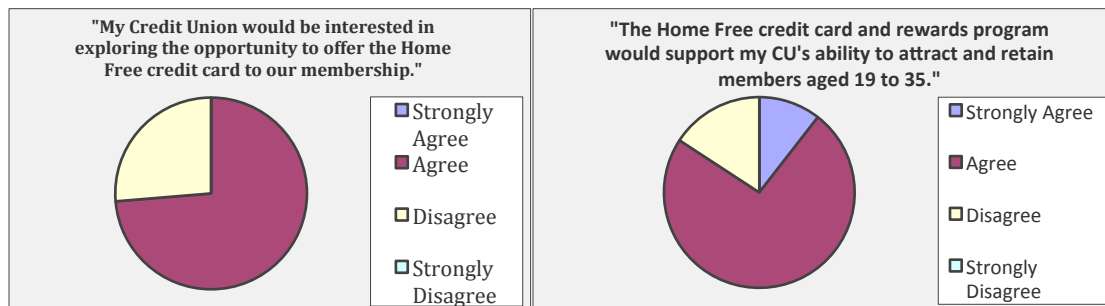
- 72% of respondents said they were highly likely or likely to try out the Home Free credit card to earn extra cash towards a future home purchase.
- 55% of respondents said they were highly likely or likely to encourage friends and family to participate in the program to support their home ownership goal.

Highlights from the Family and Friends Survey:

- 43% of respondents said they were highly likely or likely to use the Home Free credit card to support their family member's goal of home ownership.
- 51% of respondents either strongly agreed or agreed with the following statement: "I would encourage family members and friends who are interested in purchasing their first home to apply for the Home Free credit card."

Highlights from the Credit Union Decision-Maker Survey:

- 74% of respondents said they would be interested in exploring the opportunity to offer the Home Free credit card to their members.
- 84% of respondents either strongly agreed or agreed with the following statement: "The Home Free credit card and rewards program would support my credit union's ability to attract and retain members aged 19 to 35."
- 100% of credit unions who said they have a millennial acquisition strategy saw alignment between this strategy and the Home Free credit card.



Please note: Detailed survey results can found in Appendix A.

In addition to collecting feedback through the three surveys outlined above, the project team conducted a telephone interview with CUETS, a credit card supplier for Canadian credit unions. The team also requested feedback on Home Free from PSCU, a credit card service provider for U.S. credit unions.

From the Canadian perspective, overall feedback regarding the *Home Free* concept was positive. The project team's discussion with CUETS focused upon three options: the creation of

a “net new” product (with this process taking approximately 2 to 3 years to complete); the utilization of existing infrastructure to test key elements of the *Home Free* concept; and lastly, the creation of a new product aimed at Millennials that would include a “bundle” of offerings, including key elements of the *Home Free* concept.

The second scenario (i.e.: utilization of the existing infrastructure to test key elements of the *Home Free* concept) was of particular interest to the project team. Key elements that serve to differentiate *Home Free* from other credit card reward programs (such as cash accumulation and matching funds through participating credit unions) may be feasible using existing infrastructure. This approach would require a significantly lower up-front investment in comparison to creating a “net new” product, and would serve to illustrate the proof of concept required to support future development.

In our discussions with PSCU, the feedback was also very positive. Most importantly, we wanted to validate that our initial plan of launching this with a credit card service provider would be the best solution to get this product to market more quickly, which was confirmed.

“Like you, we believe in the cooperative model and know we are stronger together. By pulling development resources, ideas, marketing and leveraging existing partners we believe this program and its benefits to members would be realized more quickly.” – Sheila Fenton, Regional Vice President, PSCU

PSCU suggested leveraging their Merchant Funded rewards program to launch the *Home Free* product, since it would benefit the cardholder with bonus cash back from participating merchants at virtually no cost to the credit union. Since PSCU already has existing unique programs for charities and dues, they felt that this fit well within their suite of rewards products.

BUSINESS MODEL AND 3-YEAR FINANCIAL PROFORMA

Overview

We envision *Home Free* as a product managed by a major credit union credit card service provider like CUETS in Canada or PSCU in the U.S. The credit card service provider would then license use of the rewards program and take leadership in building, licensing and maintaining the *Home Free* online community website. Most credit unions do not have the resources to build out their own rewards program or website, so this type of model would encourage more participation among credit unions, since they would not need to front all the investment dollars. Credit unions benefit by having a product that speaks to the millennial market, meets the needs of members by being able to put more members in a long-term “sticky” mortgage product, and could earn them additional interest and interchange revenue. It’s a win-win.

Revenue Sharing Model

For credit unions that do not hold their credit card portfolio in-house, we propose a revenue sharing model. There is no upfront or ongoing cost to the license program with this model, and it would be similar to the current model utilized by current CUETS clients in Canada.

We estimate growth of around 50% each year for card growth, with revenue sharing accounting for 40 bps of the monthly spend. Average monthly spend has been set at a conservative \$1,000 per card. Expenses incurred by individual credit unions include staff training of 1 hour the first year and 30 minutes each following year for 200 employees at \$25 per hour. Online Community

Development costs could include customizing the white-label Home Free online community, recruiting experts to participate, and building region-specific content. While net income is negative in the first year, each following year shows positive income growth with projected five-year income of \$58,815.

Revenue Sharing Model						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total 5-Year Projection
Revenue						
Total Home Free Cards	150	225	350	525	800	2,050
Revenue received from Credit Card Service Provider	\$ 3,600.00	\$ 9,024.00	\$ 13,968.00	\$ 21,024.00	\$ 31,824.00	\$ 79,440.00
Expense						
Staff Training (200 employees; \$25/hr)	\$ 5,000.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 15,000.00
Online Community Development Costs	\$ 1,875.00	\$ 937.50	\$ 937.50	\$ 937.50	\$ 937.50	\$ 5,625.00
Total Expense	\$ 6,875.00	\$ 3,437.50	\$ 3,437.50	\$ 3,437.50	\$ 3,437.50	\$ 20,625.00
Net Income	\$(3,275.00)	\$5,586.50	\$ 10,530.50	\$ 17,586.50	\$28,386.50	\$ 58,815.00

Held Balance Model

For credit unions that hold their own credit card loans, we propose a Held Balance model, similar to the model utilized by many current U.S. credit unions. Using a similar card growth assumption, we estimated interest revenue of around \$15 per card per month and interchange revenue of \$35 per card per month.

In addition to the expenses in the Revenue Sharing model, the held balance model includes a one-time licensing fee of \$1,500 and ongoing licensing fees for the Home Free rewards program of \$0.10 per card per month, paid to the credit card service provider. Estimated net charge-offs on Home Free cards are calculated based on the U.S. credit union average of 0.58%. We also added a \$500 mortgage incentive payment for each potential new Home Free mortgage beginning in year three. After year one, net income improves significantly with a total of \$319,115 in a five-year period.

Held Balance Model						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total 5-Year Projection
Revenue						
Total Home Free Cards	150	225	350	525	800	2,050
Interest Revenue of New Home Free Cards	\$13,500.00	\$33,840.00	\$52,380.00	\$78,840.00	\$119,340.00	\$297,900.00
Interchange Revenue of New Home Free Cards	\$ 2,625.00	\$ 6,580.00	\$10,185.00	\$15,330.00	\$ 23,205.00	\$ 57,925.00
Total Revenue	\$16,125.00	\$40,420.00	\$62,565.00	\$94,170.00	\$142,545.00	\$355,825.00
Expense						
One-Time Licensing Fee	\$ 1,500.00					\$ 1,500.00
Ongoing Licensing of Home Free Rewards Program	\$ 90.00	\$ 225.60	\$ 349.20	\$ 525.60	\$ 795.60	\$ 1,986.00
Estimated Net Charge-Offs on Home Free Cards	\$ 435.00	\$ 1,090.40	\$ 1,687.80	\$ 2,540.40	\$ 3,845.40	\$ 9,599.00
Staff Training (200 employees; \$25/hr)	\$ 5,000.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 15,000.00
Online Community Development Costs	\$ 1,875.00	\$ 937.50	\$ 937.50	\$ 937.50	\$ 937.50	\$ 5,625.00
Mortgage Incentives	\$ -	\$ -	\$ 500.00	\$ 1,000.00	\$ 1,500.00	\$ 3,000.00
Total Expense	\$ 8,900.00	\$ 4,753.50	\$ 5,974.50	\$ 7,503.50	\$ 9,578.50	\$ 36,710.00
Net Income	\$ 7,225.00	\$35,666.50	\$56,590.50	\$86,666.50	\$132,966.50	\$ 319,115.00

Projected New Mortgages

Although credit unions will generate revenue strictly from Home Free credit card usage, the goal of the Home Free card is also to encourage members to choose their credit union when it is time for them to take the plunge and purchase their first home. We believe that with incentives and marketing, in addition to the relationship and trust that has been built, Home Free card holders will, over time, choose to get their mortgage with their credit union. We anticipate that

beginning in year three, Home Free cardholders will start to get mortgages, beginning with one and adding one additional mortgage each year as the Home Free users' savings build.

Estimated interest income from mortgages is based on a rate spread of 0.50%, with a total five-year projection of 6 new mortgages and \$7,700 in estimated interest income from the new mortgages.

Projected New Mortgages						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total 5-Year Projection
Projected New Mortgages from Home Free Cards	0	0	1	2	3	6
Estimated Interest Income from Mortgages*	\$ -	\$ -	\$ 700.00	\$ 2,800.00	\$ 4,200.00	\$ 7,700.00
*Applied an average spread instead of interest rate, to account for cost of funds. Example:						
Fixed 5-year mortgage	2.50%					
Non-redeemable 5-yr GIC	2.00%					
Spread	0.50%					

Although it is not included in this proforma, we anticipate that this product could also help attract new members, leaving opportunity for growth in a variety of revenue-generating products and services.

COMMENTS, NEXT STEPS, AND CALL TO ACTION

Student loan costs, fewer high-paying job opportunities, rising home expenses – these are all things keeping millennials from obtaining their home ownership dream. Credit unions can help play a small part in providing guidance and resources to make their dreams a reality, using a credit card - a tool that millennials already use and are already familiar with.

How can you help?

Credit Unions: Contact your credit card service provider and let them know you are interested in piloting this credit card program. With credit union interest and a cooperative mindset, we can achieve critical mass and ensure the product is brought to market.

Credit Card Service Providers: Reach out to our team or to Filene Research Institute and work with us to help develop and pilot this product.

The stakes are high and the cost to do nothing about this homeownership crisis potentially even greater. With credit card service providers and credit unions partnering together, we can help mitigate this problem and meet this vital need.



ABOUT FILENE

Filene Research Institute is an independent, consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues affecting the future of credit unions, retail banking, and cooperative finance.

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process. Since 1989, through Filene, leading scholars and thinkers have analyzed managerial problems, public policy questions, and consumer needs for the benefit of the credit union system. We support research, innovation, and impact that enhance the well-being of consumers and assist credit unions and other financial cooperatives in adapting to rapidly changing economic, legal, and social environments.

We're governed by an administrative board made up of credit union CEOs, the CEOs of CUNA & Affiliates and CUNA Mutual Group, and the chairman of the American Association of Credit Union Leagues (AACUL). Our research priorities are determined by a national Research Council comprised of credit union CEOs and the president/CEO of the Credit Union Executives Society.

We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: "Progress is the constant replacing of the best there is with something still better." Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations.

Filene is a 501(c)(3) nonprofit organization. Nearly 1,000 members make our research, innovation, and impact programs possible. Learn more at filene.org.

"Progress is the constant replacing of the best there is with something still better."

—Edward A. Filene



Appendix A: Detailed Survey Results

Millennial Survey:

What's your current age?		
Answer Options	Response Percent	Response Count
19-24	33.3%	9
25-29	40.7%	11
30-35	22.2%	6
36+	3.7%	1
answered question		27

I plan to purchase a home...		
Answer Options	Response Percent	Response Count
Within the next 2 years	36.0%	9
Within 3 to 5 years	44.0%	11
Within 5 to 10 years	12.0%	3
Within 10 to 15 years	4.0%	1
I don't plan to purchase a home	4.0%	1
answered question		25

How often do you discuss the topic of home ownership with your friends?		
Answer Options	Response Percent	Response Count
All the time	16.7%	4
Sometimes	79.2%	19
Rarely	4.2%	1
Never	0.0%	0
answered question		24

Are you facing any barriers to achieving your goal of home ownership?		
Answer Options	Response Percent	Response Count
Yes	91.7%	22
No	8.3%	2
answered question		24

What are some of the barriers that you are facing with regard to buying your first home? Select all that apply.

Answer Options	Response Percent	Response Count
Unemployment	0.0%	0
Existing debt levels	40.9%	9
Current income level	59.1%	13
The price of homes in my community	68.2%	15
Other (please specify)	22.7%	5
answered question		22

Other barriers include:

- Down payment requirements
- Not enough saved for a down payment
- Unsure of where to live
- We're about to have a baby

Do you expect to receive financial assistance from your parents or family members to assist you in purchasing your first home?		
Answer Options	Response Percent	Response Count
Yes	25.0%	6
No	75.0%	18
answered question		24

What type of financial assistance do you think you might receive from your parents or family members? Select all that apply.		
Answer Options	Response Percent	Response Count
Parents buy home; I live there and pay the mortgage	16.7%	1
Parents buy home; I live there and pay rent	0.0%	0
Loan for down payment	0.0%	0
Gift for down payment	83.3%	5
Co-signed mortgage	33.3%	2
Other (please specify)	0.0%	0
answered question		8

What is the approximate amount of financial assistance you believe you may receive from your parents or family members?		
Answer Options	Response Percent	Response Count
Less than \$25,000	16.7%	1
\$25,000 - \$49,999	33.3%	2
\$50,000 - \$99,999	0.0%	0
\$100,000 - \$199,999	50.0%	3
More than \$200,000	0.0%	0
Prefer not to say	0.0%	0
Don't know	0.0%	0

answered question**6**

How long might it delay your home purchase if you don't receive financial assistance from your parents or family members? Please use your best estimate.

Answer Options	Response Percent	Response Count
Less than 1 year	0.0%	0
Over 1 year, but less than 3 years	50.0%	3
Over 3 years, but less than 5 years	16.7%	1
Over 5 years	33.3%	2
No delay	0.0%	0
Don't know	0.0%	0

answered question**6**

Please rank your level of agreement with the following statement: "I have a clear understanding of the steps I need to take to get into my first home."

Answer Options	Response Percent	Response Count
Strongly Agree	29.2%	7
Agree	54.2%	13
Disagree	12.5%	3
Strongly Disagree	4.2%	1

answered question**24**

Please rank your level of agreement with the following statement: "I have access to the information and tools I need to enter into home ownership."

Answer Options	Response Percent	Response Count
Strongly Agree	33.3%	8
Agree	54.2%	13
Disagree	12.5%	3
Strongly Disagree	0.0%	0

answered question**24**

Please rank your level of agreement with the following statement: "I have a clear understanding of how home ownership will impact my long-term financial plan."

Answer Options	Response Percent	Response Count
Strongly Agree	20.8%	5
Agree	54.2%	13
Disagree	20.8%	5
Strongly Disagree	4.2%	1

answered question**24**

Please rank your level of agreement with the following statement: "I have a long-term financial plan that includes a future home purchase."

Answer Options	Response Percent	Response Count
Strongly Agree	33.3%	8
Agree	41.7%	10
Disagree	25.0%	6
Strongly Disagree	0.0%	0
answered question		24

Do you have a credit card?		
Answer Options	Response Percent	Response Count
Yes	91.7%	22
No	8.3%	2
answered question		24

How many credit cards do you currently have?		
Answer Options	Response Percent	Response Count
One	11.1%	4
Two	38.9%	8
Three	22.2%	4
Four	16.7%	3
More than Four	11.1%	3
answered question		22

Do you have a credit card with your local Credit Union?		
Answer Options	Response Percent	Response Count
Yes	59.1%	13
No	40.9%	9
answered question		22

Which features are most important to you when selecting a credit card? Please rank from 1 being the most important factor, to 4 being the least important factor.					
Answer Options	1	2	3	4	Response Count
The card's rewards program	13	4	5	2	24
The interest rate	4	3	4	11	22
The credit limit	2	4	11	7	24
The annual fee	5	12	4	3	24
answered question					24

If the Home Free credit card was available through your local Credit Union, what's the likelihood that you would use the card to earn cash toward your future home purchase?

Answer Options	Response Percent	Response Count
Highly Likely	33.3%	13
Likely	38.5%	15
Neither likely or unlikely	5.1%	2
Unlikely	17.9%	7
Highly Unlikely	5.1%	2
answered question		39

What's the likelihood that you would encourage family and friends to sign up for Home Free to support your home ownership goal?

Answer Options	Response Percent	Response Count
Highly Likely	15.0%	6
Likely	40.0%	16
Neither likely or unlikely	5.0%	2
Unlikely	22.5%	9
Highly Unlikely	17.5%	7
answered question		40

What the likelihood that you would participate in the Home Free online community?

Answer Options	Response Percent	Response Count
Highly Likely	17.5%	7
Likely	27.5%	11
Neither likely or unlikely	7.5%	3
Unlikely	37.5%	15
Highly Unlikely	10.0%	4
answered question		40

Which elements of the Home Free online community would you be most likely to use? Please rank from 1, being the most likely to use, to 5, being the least likely to use.

Answer Options	1	2	3	4	5	Response Count
Hearing and learning from the home ownership experiences of fellow Home Free members	3	6	13	12	4	38
Learning from experts in the areas of financial planning, real estate, and insurance	14	11	10	1	2	38
Using online tools such as tutorials and quizzes designed to build up my understanding of the home ownership process	7	15	5	7	4	38
Using online tools such as	9	12	9	4	5	39

tutorials and quizzes designed to build up my understanding of financial planning and budgeting						
Participating in discussion boards to share experiences and perspectives on home ownership and financial planning	2	6	8	6	18	40
answered question						40

What's your current age?

Answer Options	Response Percent	Response Count
19-24	33.3%	9
25-29	40.7%	11
30-35	22.2%	6
36+	3.7%	1
answered question		27

Family & Friends Survey:

Do you expect to provide your child or loved one with financial assistance toward the purchase of their first home?

Answer Options	Response Percent	Response Count
Yes	55.6%	5
No	44.4%	4
answered question		9

What type of financial assistance do you expect to provide your child or loved one? Select all that apply.

Answer Options	Response Percent	Response Count
Parents buy home; I live there and pay the mortgage	0.0%	0
Parents buy home; I live there and pay rent	0.0%	0
Loan for down payment	0.0%	0
Gift for down payment	100.0%	5
Co-signed mortgage	20.0%	1
Other (please specify)	0.0%	0
answered question		5

What is the approximate amount of financial assistance that you expect to provide your child or loved one toward their home purchase?

Answer Options	Response Percent	Response Count
Less than \$25,000	60.0%	3
\$25,000 - \$49,999	0.0%	0
\$50,000 - \$99,999	0.0%	0

\$100,000 - \$199,999	0.0%	0
More than \$200,000	20.0%	1
Prefer not to say	0.0%	0
Don't know	20.0%	1
answered question		5

How long might it delay your child or loved one's home purchase if they do not receive financial assistance from you? Please use your best estimate.

Answer Options	Response Percent	Response Count
Less than 1 year	20.0%	1
Over 1 year, but less than 3 years	40.0%	2
Over 3 years, but less than 5 years	40.0%	2
Over 5 years	0.0%	0
No delay	0.0%	0
Don't know	0.0%	0
Other (please specify)	0.0%	0
answered question		5

Do you have a credit card?

Answer Options	Response Percent	Response Count
Yes	100.0%	9
No	0.0%	0
answered question		9

How many credit cards do you currently have?

Answer Options	Response Percent	Response Count
One	22.2%	2
Two	11.1%	1
Three	33.3%	3
Four	11.1%	1
More than Four	22.2%	2
answered question		9

Do you have a credit card with your local Credit Union?

Answer Options	Response Percent	Response Count
Yes	88.9%	8
No	11.1%	1
answered question		9

Which features are most important to you when selecting a credit card? Please rank from 1 being the most important factor, to 4 being the least important factor.

Answer Options	1	2	3	4	Response Count
The card's rewards program	4	3	1	1	9
The interest rate	2	3	2	2	9
The credit limit	0	1	4	4	9
The annual fee	3	2	2	2	9
answered question					9

If the Home Free credit card was available through your local Credit Union, what's the likelihood that you would use the card to support family members in achieving their home ownership goal?

Answer Options	Response Percent	Response Count
Highly Likely	15.9%	14
Likely	27.3%	24
Neither likely or unlikely	22.7%	20
Unlikely	18.2%	16
Highly Unlikely	15.9%	14
answered question		88

Please rank your level of agreement with the following statement: "I would encourage family members and friends who are interested in purchasing their first home to apply for the Home Free credit card."

Answer Options	Response Percent	Response Count
Strongly Agree	20.5%	18
Agree	30.7%	27
Neither agree or disagree	25.0%	22
Disagree	11.4%	10
Strongly Disagree	12.5%	11
answered question		88

Please rank your level of agreement with the following statement: "I would encourage family members and friends who want to assist loved ones with the purchase of their first home to apply for the Home Free credit card."

Answer Options	Response Percent	Response Count
Strongly Agree	44.4%	4
Agree	55.6%	5
Disagree	0.0%	0
Strongly Disagree	0.0%	0
answered question		9

What the likelihood that you would participate in the Home Free online community, for the purpose of sharing experiences and perspectives on the journey to home ownership?

Answer Options	Response Percent	Response Count
Highly Likely	10.2%	9
Likely	19.3%	17
Neither likely or unlikely	21.6%	19
Unlikely	25.0%	22
Highly Unlikely	23.9%	21
answered question		88

Which elements of the Home Free online community do you believe would be most impactful for first-time home buyers? Please rank from 1, being the most likely to use, to 5, being the least likely to use.

Answer Options	1	2	3	4	5	Response Count
Hearing and learning from the home ownership experiences of fellow Home Free members	11	19	20	18	20	88
Learning from experts in the areas of financial planning, real estate, and insurance	16	31	23	13	5	88
Using online tools such as tutorials and quizzes designed to build up	9	29	22	17	11	88

my understanding of the home ownership process						
Using online tools such as tutorials and quizzes designed to build up my understanding of financial planning and budgeting	11	34	25	13	5	88
Participating in discussion boards to share experiences and perspectives on home ownership and financial planning	2	6	25	29	26	88

Credit Union Survey:

Which of the following credit card rewards programs does your Credit Union currently offer? Please select all that apply.		
Answer Options	Response Percent	Response Count
Cash Back	76.2%	16
Travel rewards	100.0%	21
Other (please specify)	52.4%	11
answered question		21

Other rewards programs offered:

- Merchandise
- Gift cards
- Loan principal payment
- Donations to non-profits
- Rewards to cash in for goods and travel but no cash back
- Cash onto the card when converting points
- Gift cards
- Choice Rewards

Does your Credit Union provide members with access to rewards programs outside of your credit card product suite?		
Answer Options	Response Percent	Response Count
Yes	23.8%	5
No	76.2%	16
answered question		21

Which of the following rewards programs does your Credit Union currently offer? Please select all that apply.		
Answer Options	Response Percent	Response Count
Debit card rewards	80.0%	4
Loyalty rewards	40.0%	2
Referral rewards	40.0%	2
Other (please specify)	20.0%	1

answered question	5
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Does your Credit Union offer a reward program targeted specifically toward Millennials/ Gen Y members?

Answer Options	Response Percent	Response Count
Yes	0.0%	0
No	100.0%	5
answered question		5

Please rank your level of agreement with the following statement: "My Credit Union would be interested in exploring the opportunity to offer the Home Free credit card to our membership."

Answer Options	Response Percent	Response Count
Strongly Agree	0.0%	0
Agree	73.7%	14
Disagree	26.3%	5
Strongly Disagree	0.0%	0
answered question		19

Please rank your level of agreement with the following statement: "The Home Free credit card and rewards program would support my Credit Union's ability to attract and retain members aged 19 to 35."

Answer Options	Response Percent	Response Count
Strongly Agree	10.5%	2
Agree	73.7%	14
Disagree	15.8%	3
Strongly Disagree	0.0%	0
answered question		19

Please score the impact that you believe each of the following key elements of the Home Free online community would have for Millennials and their ability effectively prepare for home ownership.

Answer Options	Highly Impactful	Impactful	Somewhat Impactful	Not Impactful	Response Count
Hearing and learning from the home ownership experiences of fellow Home Free members	4	8	7	0	19
Hearing and learning from experts in the areas of financial planning, real estate, and insurance	2	11	4	2	19
Access to tutorials and quizzes designed to improve an individual's understanding of the home ownership process	1	9	7	2	19
Participating in discussion	2	9	5	3	19

Do you have additional thoughts on topics, tools, or resources that could be incorporated into the Home Free online community? Please use the space below to share your ideas with us!

- It would be great to have tips and tricks for how to buy, what to look for in a house you are considering, information on what a red flags in a potential house, where to find true professionals if things need to be fixed or upgraded.
- Finding a way to fold some sort of gamification into this would be great. Setting target goals where increases in rewards or bonuses can be met. This could interact with the social boards, etc.
- Understanding 1st time home buyer options, the "down payment", and miscellaneous expenses to home buyers.
- mortgage calculators, how appraisals work, how much closing costs are
- In my opinion, the key to successfully engaging with this generation is to be where they are - Instagram, Snapchat, etc. It is difficult to get them through email. They trust each other more than they trust us!
- There are two things that 19 to 35 year olds are at when it comes to their finances, paying off education loans and purchasing a house or vehicle. It would be nice to see the rewards program include cash back for these options.

Please tell us what additional information you require to determine if the Home Free credit card would be an effective product offering for your Credit Union.

- I would want to hear that this age group was consulted and hear their thoughts on such a program
- Pricing will be a big deal as well as the back end work to administer the program. Also would there be a broad marketing and education program put together for all participants or will this be done with individual CU's?
- I would want to know if it actually appeals to the targeted age group. I would want to see samples of the online community.
- I'd like to see more data that validates that some of the listed benefits - access to the information listed above - would truly resonate with the target cardholder. Oftentimes, the consumer says something is valuable but we find out it doesn't resonate to the level we thought or needed.
- Cost to the credit union to offer rewards vs. income potential
- market research that shows this demographic is interested in such a product
- What is the application of the card post first-time home buying?
- Cost of implementation and ability to integrate within existing product line.
- Overall competitiveness of the card; ability to stand out from a saturated market & straight cash back cards
- Would millennials participate in the discussion communities?

What gets you excited about the Home Free credit card and rewards program?

- That it helps this age group start to save while they are doing their normal spending and are then able to apply this directly to their home purchase. With student debt as high as it is, this could really help get them in a home sooner.

- The home buying process isn't easy and having a way to create rewards ahead of time to build up a down payment or expense account is exciting. Also the ability for loved ones to help build this could be interesting.
- That family members have the option to help out younger, 1st time home buyers while providing the credit union with interest income and interchange income.
- The ability to connect the millennial card holder to other card holders and pulling in friends and family members to the credit union that otherwise would not have.
- Potential of the program
- the fact that it's different and would help the CU attract a younger demographic
- A way to build credit and save for homeownership.
- It's a new idea with potential to add value to members lives
- The option to transfer rewards. It would be a great tool for selling the card to additional family members. Members would be willing to get the card and use it to help their child or whoever it may be.
- It can be used as a tool to create awareness of rewarding yourself in the future as well as educating financial behavior

Has your Credit Union established a Gen Y/ Millennial acquisition strategy?

Answer Options	Response Percent	Response Count
Yes	42.1%	8
No	57.9%	11
answered question		19

Please rank your level of agreement with the following statement: "I see alignment between my Credit Union's millennial acquisition strategy and the Home Free product."

Answer Options	Response Percent	Response Count
Strongly Agree	0.0%	0
Agree	100.0%	8
Disagree	0.0%	0
Strongly Disagree	0.0%	0
answered question		8

My Credit Union's asset size is:

Answer Options	Response Percent	Response Count
Under \$100M	5.3%	1
\$100M - \$500M	21.1%	4
\$500M - \$1B	15.8%	3
Greater than \$1B	57.9%	11
answered question		19

Approximately what percentage of your Credit Union's membership base is between the age of 19 and 35?

Answer Options	Response Percent	Response Count
Less than 5%	0.0%	0
5% - 9%	5.6%	1
10% - 14%	27.8%	5
15% - 19%	33.3%	6
20% or greater	33.3%	6
<i>answered question</i>		18

Appendix B: Online Community Mockup



Appendix C: Home Free Card Design

