

# **Goodbye to Complacency**

## **Financial Literacy Education in the U.S. 2000-2005**

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This study is dedicated to students and participants in personal financial education courses, seminars, and workshops nationwide.

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\*\* *Personal Finance and the Rush to Competence: Financial Literacy Education in the U.S.* was commissioned and funded in 2000 by the Fannie Mae Foundation.

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# Executive Summary

# Goodbye to Complacency: Financial Literacy Education in the United States 2000-2005

Lois A. Vitt, Project Director  
Gwen Reichbach, Jamie L. Kent, Jurg Siegenthaler

## EXECUTIVE SUMMARY

Since 2000, public and private sector organizations intensified and escalated their commitment to help Americans learn to manage, save, and invest their money. Personal finance education programs multiplied and spread across the U.S. even as consumer debt deepened, the stock market tanked in the 3<sup>rd</sup> quarter of 2000, terrorist attacks stunned the World on 9/11/2001, and the War on Terrorism commenced on two fronts. During the same period, corporate and other Wall Street scandals surfaced, policymakers clashed over Social Security reform, and to stay competitive, employers outsourced jobs and continued to transform pension and health benefits into models that require more money from, and more decision-making, by workers.

In 2005, nearly everyone understands that times have changed. Americans also are becoming increasingly aware that they must become more responsible for their own future financial well being. This report updates a study commissioned and published by the Fannie Mae Foundation in 2000, *Personal Finance and the Rush to Competence: Financial Literacy Education in the United States*. It is an overview of the proliferation and effectiveness of the personal financial education efforts undertaken during the past five years to help Americans achieve competence in personal finance.

### STUDY PURPOSE AND METHODS

The AARP commissioned this study of personal financial education to update our prior research. We designed this analysis to learn what progress has been made since 2000 by both public and private organizations committed to personal financial education. We sought to understand the challenges program managers and educators face today, and to learn whether financial education is making a difference in the lives of program participants. In addition, we examined the influence of campaigns to “save, invest and learn” on financial education, noted the characteristics of more recent initiatives, and chronicled the legislative efforts—both federal and state—that have been introduced or have become new law.

The information contained in this study came from the following sources: (1) literature; (2) telephone and in-person interviews with program directors, educators, and searchers; (3) program site visits; (4) focus group interviews with participants who attended courses or seminars at the sites we visited; (5) interviews with industry leaders

from both the public and private sectors, (6) Internet research of 250 active websites and (7) an analysis of the materials that were submitted by benefits educators competing for *Pensions & Investments* coveted “Eddy Awards.” To the extent possible, given the time constraints required to produce this research, we followed the methods and benchmarking process used in our prior study.

The program managers, educators and consultants we interviewed represent a diverse population. They include: (1) workplace financial educators and consultants; (2) Cooperative Extension Service (CES) Education Directors; (3) college program directors; (4) the United States Military; (5) youth program directors and teachers; (6) faith-based program administrators; (7) community program directors; and (8) nationwide programs for the general public

## **BACKGROUND AND TRENDS**

In the mid-to-late 1990s, a financial education “movement” exploded onto the contemporary scene in the United States. Changes in individual and family finances had been influenced by various macroeconomic events and long-term trends. Despite a period of sustained economic expansion, the future sufficiency of Social Security, Medicare, and traditional employee benefits were increasingly being called into question. Concerns (and opportunities) were fueled by forecasts about the great numbers of baby boomers that would soon begin to retire and by mounting competitive pressures on employers to stem rapidly rising employee benefit costs.

### **Campaigns to Save, Invest, and Learn**

The American Savings Education Council (ASEC) was organized in July 1995 to raise public awareness about the need for increased personal savings. The Jump\$tart Coalition for Personal Financial Literacy also began in 1995 to promote personal finance education in schools and improve the financial knowledge and abilities of children and young adults. The National Endowment for Financial Education (NEFE), in 1998, committed its resources to provide the public with effective education in basic personal financial management. Numerous federal departments, agencies, and commissions joined these efforts, expanding prior activities or starting new initiatives and programs. Widespread efforts were made to raise public awareness and to make personal financial education more available to Americans.

In May, 2002, the Department of the Treasury established the Office of Financial Education (OFE) to coordinate the efforts of the Financial Literacy and Education Commission, a group chaired by the Secretary of Treasury and composed of representatives from 20 federal departments, agencies and commissions. Its purpose is to coordinate federal efforts to improve financial literacy and highlight education that helps Americans make wiser choices, especially with regard to saving, credit management, home ownership and retirement planning.

During the past five years, these initiatives and efforts have expanded. Older organizations, active in economic and personal finance education even before the 1990s, came forward and joined coalitions, commissions, partnerships, and other active organizations to provide

nationwide networks of resources, research, staff, and educational materials to provide a wide variety of financial education offerings to Americans at every age and socio-economic level.

An almost mirror-image of these efforts has occurred in cyberspace, as Internet financial education has become widely available, and largely free of cost, to anyone interested in tapping into this vast financial information and education network.

## **Research**

“Financial literacy” and “financial literacy education” were not common topics in the U.S. literature before the late 1990s, but a surge of research has taken place since 2000. Behavioral economists, economic psychologists, finance sociologists, personal finance educators, financial counselors, social workers, and financial professionals, educators and advisors are contributing important research to the literature. In addition, corporate and other formerly proprietary research is being made available to the personal finance research community.

Like the spread of financial education itself, this is an important development. Rarely has the promise of so much knowledge converged that can inform policymakers, employers, program managers and educators about the socio-economic status, and the diverse characteristics, customs, needs, abilities, attitudes, motivations and behaviors of consumers who seek (and those who do not take advantage of) financial education opportunities as they become available.

Increasing research attention and resources have been devoted to the *effectiveness* of education programs through evaluation research. Newer research is being trained on questions concerning motivation and behavior modification in connection with consumer financial habits. Results to date are mixed, and the data are inconclusive. But growing attention is being devoted by the public and private sectors to questions about how fast and how well the nation is (or is not) becoming financially knowledgeable.

## **STUDY FINDINGS**

We noted in 2000 that the pervasive public-private partnership that supports widespread personal financial education is probably unprecedented. We predicted that the tipping point had been reached and that major societal changes would occur as a result of widespread efforts to educate the public about their need to become more competent in managing, saving and investing their money. The following is a summary of the current state of financial literacy education in the United States from the data we analyzed.

### **National Financial Education Organizations and Coalitions**

Since 2000, leaders, administrators, corporate (and other business and nonprofit partners) of the American Savings Education Council (ASEC), the Jump\$tart Coalition, the National Endowment for Financial Education (NEFE), National Council on Economic Education (NCEE), the U.S. Department of the Treasury and many departments, agencies and commissions of the federal government, the U.S. Congress and State legislative bodies, the AARP, community and faith-based organizations and networks, and the financial services industry itself have expanded and/or

created new initiatives across the Nation. These organizations have been responsible for a national societal “movement” that has:

- Introduced and/or passed legislation at both the national and state levels to increase personal financial literacy of Americans.
- Publicized changes and controversies that impact the future of traditional and proposed employee and retiree benefits, and Social Security, Medicare, and Medicaid.
- Trained instructors to teach financial literacy to targeted groups and populations.
- Drawn special attention to the need to start youth on the path to personal financial competence by including financial education in schools K-12.
- Crafted educational materials for communities, schools, and other organizations to use in fostering personal financial education.
- Lifted public awareness of the need to budget, and manage money, and to plan, save, and invest for the future.
- Shared research results and research-based information and materials with communities, organizations, financial educators, researchers and others.
- Provided a clearinghouse for educational materials for organizations seeking to start financial education programs.
- Promoted networking opportunities to avoid duplication of effort and encourage dynamic partnering among organizations with diverse needs.

### **Reluctant Savers**

Despite the spread of financial education initiatives nationwide during the past five years, some industry leaders we interviewed expressed disappointment in results to date. Personal saving rates have risen only slightly, 401(k) take up rates are sluggish, a large percentage of Americans remain “unbanked,” and some Americans still exhibit fear, confusion about, or “reckless disregard” for the need to become more responsible for their own financial well-being. From the available data, it is possible to view the glass as either “half-full” or “half-empty.”

First, a brief sociological review of the past 50-60 years reveals that generations were *encouraged* to be financially dependent—on government, on their employers, on financial institutions and advisors. As more Americans are being helped to become financially self-reliant, it is well to remember how far many have already come in learning to resist the entrenched culture of credit availability, aggressive advertising, and temptations to overspend. It is also important to temper disappointing data with the realities of daily living experienced by many. For instance, a December 2004 study by Prudential Financial reported that nearly 40% of retired respondents were *involuntarily* retired.

Second, in every social sector, people are more engaged in teaching, mentoring, learning, and praying about budgeting, saving, investing, buying homes and starting businesses than they were five years ago. Even if Americans are only now becoming aware of the need to save and

invest for their future, this is a sea change from the near complacency that existed as recently as the year 2000.

Third, there is some noteworthy, if modest, progress. For instance, the 2001 and 2005 Retirement Confidence Surveys (RCS)<sup>1</sup> relating to 401(k) participation can be compared.

Each survey asked:

Does your current employer offer you a retirement savings plan that allows you to make before-tax contributions from your salary to an individual account, set up in your name, such as a 401(k), 403(b), or 457 plan?

*Answered "Yes"*

2001 – 66%

2005 – 78%

The same RCS survey asked: – Do you contribute money to the plan?

*Answered "Yes"*

2001 – 76%

2005 – 82%

### **Other Selected Results**

- The American Savings Education Council (ASEC), the Jump\$tart Coalition, the National Endowment for Financial Education (NEFE), their leaders and their partners facilitated, influenced, supported, and accelerated the growth of personal financial education and legislation across the nation during the past five years.
- Workplace financial education remains the best arena for reaching the most people, but it is not living up to its potential. Employees we interviewed both in 2000 and 2005 expressed gratitude to employers that do sponsor personal financial education. Most workplace programs, however, have *retreated* from basic financial education programs and offer more limited “benefits education” instead.
- Some HR and benefits administrators and consultants want employers to realize that a “business case” exists for employee financial education. One approach involves a tie-in of wellness with financial education basics; another approach is based on the conviction that employee productivity rises and falls with their personal “financial wellness;” a third approach considers education about financial basics to be an important routine component of benefits education.
- Program managers and educators reported in 2000 that they did not have adequate resources to design, evaluate, revise, or expand programs. Although inadequacy of resources is being felt from cutbacks in some sectors, especially government funded programs, relevant curricula, qualified instructors, and prospective partners are more readily available in 2005 than they were in 2000.

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<sup>1</sup> Mathew Greenwald & Associates. 2001 and 2005 Retirement Confidence Survey, Employee Benefit Research Institute (EBRI) and the American Savings Education Council (ASEC). Washington, DC: EBRI, 2001, 2005.

- Some excellent college and university programs do exist to teach students about managing personal finances, but these programs do not begin to address the pressing need that still exists nationwide, particularly for non-business undergraduate students.
- Youth programs have proliferated and according to the 2004 Jump\$Start Coalition publication, *Financial Literacy: Are We Improving*, average scores measuring financial literacy of high school seniors have stopped falling and appear to have turned around. Youth programs we surveyed successfully engaged both students and teachers and elicited further learning for students and even their family members.
- Faith-based and other community organizations are growing. They continue to provide comfortable (and safe) financial education settings for many people, especially those in under-served populations. In addition, they offer hope, motivation and asset building programs to help participants save and invest in their future.
- Individual Development Account programs (IDAs) have grown to more than 500 in 2005. These and other asset-building strategies are tracking substantial changes in debt and savings levels over time. Moreover, asset-development initiatives follow a prescribed set of desirable achievements: debt elimination, saving and investment, homeownership rather than renting, starting a small business, asset protection, and continuing education.
- Instructors of financial education programs recruited or drawn from financial services professions (e.g., financial planners, lawyers, accountants, estate planners, etc.) are less acceptable to some program planners than instructors from academic or counseling settings. We find, however, that while most participants strongly dislike being sold financial services or products by seminar or workshop instructors, they care most about the quality of the education and like being taught by financial experts.
- In 2005, teaching materials are more abundant. They cover more financial topics, are more culturally sensitive and more linguistically diverse. In addition, topics include coping in periods of adversity, how to financially prepare for and recover from an emergency, and step by step guides to asset building
- Programs that help older adults avoid scams and financial fraud are increasing, but the need for basic financial education remains acute in this population.
- Programs are needed that help older adults and their caregivers identify resources and help them with money management.
- Computer and Internet-based teaching methods have been widely employed to reduce the cost and increase the availability of financial education, but these must be combined with human contact in supportive learning environments to be more effective.
- Although new and proposed legislation is improving the financial information landscape for American consumers, lawmakers should put document clarity high on their list of priorities to help consumers become financially better informed.

- Problem areas still reported include: (1) funding to facilitate program sustainability, (2) the need for better program evaluation methods and the resources to gather post-program data to measure effectiveness and enhance the education process (3) improved ways of marketing to target populations, (4) convincing more people to take advantage of saving and investment opportunities, particularly 401(k) participation, and (5) eliminating poor financial decision-making behaviors.

The U.S. financial services sector, including national trade and professional associations as well as individual banks, credit unions, insurance companies, mortgage bankers, and the securities industry, are active, invested, and involved in sponsoring, partnering and volunteering at national and local levels.

The nation's financial education advocates and educators have made much progress during the past five years. Helping people transition from dependency to self-reliance, however, is not an easy task. Research to date and the experience of extant program managers and educators demonstrate that it is a worthwhile and achievable objective. The challenge for private interests, policymakers, and community organizers is to press on even in the face of seeming complacency. There is much evidence that future individual, family, and national well being depends upon the success of widespread financial education endeavors during the coming years.

# Analysis

# Goodbye to Complacency:

## Personal Financial Education in the U.S., 2000-2005

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### CHAPTER ONE INTRODUCTION

In the United States in 2005, personal financial education—and the financial literacy to which it can lead—is of great national importance. Changing demographics, projected shortfalls in Social Security and Medicare, and the increasing transfer of responsibility for retirement preparation, health care planning, and personal financial well being from employers to individuals are noteworthy societal concerns. In response to these concerns, nationwide networks of private and public interests are providing public messaging, research, and financial education for Americans to become aware of their need to be competent in managing, saving and investing their money.

#### Background of this Study

This study has been commissioned by the AARP to update *Personal Finance and the Rush to Competence: Financial Literacy Education in the United States*, a study funded and published in 2000 by the Fannie Mae Foundation. Prior to 2000, there had been no systematic study of the emergence and evolution of financial literacy education, nor did comparative research exist that described the organizational phases undertaken by financial literacy educators.

New program planners had little or no outside points of reference. They were often unaware of their options and choices, or even that they were making choices that committed them to a certain philosophy or pedagogical structure. Due to lack of research it was difficult to make comparisons among existing programs, or to know which topics applied to what group of participants. Even at conferences and workshops, program directors and managers often chose not to identify the difficulties and obstacles of the institutional growth process; instead, emphasizing positive experiences while overlooking negative ones.

ISFS built on existing literature and launched a national field study to document the expanding area of personal financial education. The 90 programs in our original sample were diverse not only in terms of program type but in other respects as well. Programs included: (1) eighteen workplace financial education programs; (2) twenty-four Cooperative Extension Service (CES) programs; (3) four U.S. Military programs—the U.S. Army, U.S. Air Force, the U.S. Marine Corps and the U.S. Navy; (4) eight faith-based programs; (5) seven community college programs; and

(6) twenty-nine community programs. We also looked at over 150 Internet sites. Program locations included major cities such as Boston, Chicago, New York, Seattle, and Los Angeles, small towns, and rural areas. The large and small workplace financial education programs we studied included multi-national corporations, a labor union and two public employee retirement systems.

### ***Financial Literacy Defined***

Since no full definition existed of “financial literacy,” we offered the following:

Personal financial literacy is the ability to read, analyze, manage and write about the personal financial conditions that affect material well being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy.

### **Financial Literacy Education: History and Trends**

In the mid-1990s to 2000, a public-private partnership of policymakers, organizations, communities, and networks of educators mobilized to make the financial literacy of all Americans a national goal. This public-private commitment to help Americans learn to manage, save, and invest their money has intensified and escalated during the past five years.

Personal financial education programs have proliferated even as consumer debt deepened, stocks tanked in the 3<sup>rd</sup> quarter of 2000, the World Trade Center attacks stunned the World on 9/11/2001, and the War on Terrorism commenced on two fronts. During the same period, corporate and Wall Street scandals surfaced, policymakers disagreed over Social Security reform, and employers outsourced jobs and continued to transform pension and health benefits into models that require more money and more decision-making from American workers.

Today, financial education is on the nation’s drawing boards all along the spectrum of consumer income and age levels—from childhood to later life. It can be found on the Internet in the privacy of homes, in boardrooms and workplaces, classrooms and summer camps, and in the meeting rooms of faith-based and other community organizations. Financial teachers and counselors are becoming credentialed in college aid offices, the U.S. Military, credit counseling agencies, employee assistance programs, social work, health care programs, women’s centers, homeless shelters, and prisons. Financial information is widely available on TV, in books, magazines, and elsewhere in the popular press.

Financial education can be a door-opener to improve literacy levels and financial competence for people in all communities across America, but it can be especially empowering in inner city neighborhoods and rural areas. Financial education is included in Individual Development Account programs (IDAs) and other asset building initiatives for low-wage workers, disadvantaged persons, and newly-arrived refugees and immigrants. It helps to lift language barriers and provide the knowledge and skills that are essential for everyday living and future financial security..

## **Functional Literacy Levels and Financial Education**

The National Adult Literacy Survey (NALS) assessed the functional literacy skills of the U.S. adult population in 1992 and estimated that a minimum of 42 million adults (or about 16 percent of the population) function at low or marginal levels on prose, document, and quantitative literacy measures. The NALS definition of literacy underlying its assessments is “...*using printed and written information to function in society, to achieve one's goals, and to develop one's knowledge and potential.*”

A 2005 assessment of the “threshold” skill of writing, by the National Commission on Writing for America’s Families, Schools, and Colleges, reported that 80% or more of companies in the service and finance, insurance and real estate sectors, assess writing ability during hiring. According to this study, people who provide poorly written letters or applications would not be considered for any position. In all likelihood, they would fare poorly on completing applications or writing letters concerning personal finances as well.

When applied to the knowledge and skill levels necessary to achieve financial competence, low functional literacy and poor writing translates into low financial literacy, which can and does have consequences for many individuals and families. People who cannot read, comprehend, or write about their finances risk making poor or uninformed choices all across the spectrum of personal financial decision-making.

Understanding the differences in credit terms and conditions, savings and investment options, or tax and other routine financial matters can be intimidating for anyone, but it can be especially difficult for those with low functional literacy. Consumers must be able to ascertain how their credit arrangements and/or their saving or retirement plans work. They must be able to compare and evaluate complex contractual and enrollment terms, be aware of what rights they have under such agreements or plans, and know how to request clarification or register objection when and if necessary.

## **Demographic Changes**

Data from the 200 census show that the U.S. population is growing more diverse and that foreign-born households represent an important consumer market force. Many persons in this group, understandably, are initially unfamiliar with U.S. financial practices and/or lack access to mainstream financial systems. Moreover, language, educational, and cultural barriers often discourage these populations from

establishing mainstream banking relationships. As a result, they may use alternative providers to conduct basic transactions such as cashing checks and obtaining payday loans. Such practices may be more comfortable and convenient, but they also are generally more expensive and further distance participants from the a full complement of financial services.<sup>1</sup>

Although most organizations are increasingly applying Internet solutions to the ubiquitous need for financial knowledge, it may be well to remember that there is still a large population of people with low levels of literacy and with undeveloped skills to take full advantage of financial information and financial education offered on the Internet. Fortunately, there are growing numbers of financial education programs that address the particular problems of populations that we have noted here, but more understanding is needed by researchers and others who assess financial literacy success only by the numbers.

### ***Financial Literacy Education Defined***

While Bill Arnone's<sup>2</sup> early definition of financial literacy education remains straightforward, apt and simple,

*“...personal financial literacy education...helps people develop the skills required to make informed choices and to take action that improves their financial well-being,”*

we have learned since 2000, that financial education can improve people's *general* sense of well-being by virtue of improving their financial well being.

Financial literacy education is still referred to in many different ways, and whatever it is called—investor or investment education,<sup>3</sup> economic education, financial education,<sup>4</sup> savings education,<sup>5</sup> pension education,<sup>6</sup> personal finance employee education,<sup>7</sup> workplace financial education,<sup>8</sup> consumer education,<sup>9</sup> consumer finance protection education,<sup>10</sup> money management education,<sup>11</sup> retirement savings education<sup>12</sup> and retirement education<sup>13</sup>—the bottom line is about equipping individuals and families with the ability to negotiate the money management issues necessary for them to make self-enhancing life choices.

In 2000, we suggested the following description of a financially literate person:

A financially literate individual understands his/her relationship to money, and can read, discuss, and communicate about personal financial issues. He or she possesses knowledge of banking and credit, practices money management, understands risk and the need for protection against unforeseen emergencies, plans for major life events, and saves and invests for the future.

Today, we are informed by a growing body of literature on personal financial education; by consumers we have interviewed who uniformly dislike the term

“financial literacy,” and by the experience of program directors from every social sector. The program manager of the YWCA of Greater Pittsburgh’s “Financial Empowerment Programs” had this to say:

*I think the language you use really creates a difference. They [participants] hated “financial literacy,” so that’s why all of our classes are called “financial empowerment.” That’s what they really liked and responded to.*

Throughout the balance of this report, we refer to financial literacy education in all of its forms, as “personal financial education” or “financial education” interchangeably, unless it appears in the title of a report, article or program.

### **Does Financial Education Work?**

Not everyone we interviewed agrees that personal financial education “works.” Pessimistic views were expressed by thought leaders and program directors who noted that U.S. saving rates are not moving upward and that takeup rates of 401(k) retirement accounts are sluggish. There is some noteworthy, if modest, progress however. For instance, the 2001 and 2005 Retirement Confidence Surveys (RCS)<sup>14</sup> relating to 401(k) participation can be compared.

Each survey asked:

Does your current employer offer you a retirement savings plan that allows you to make before-tax contributions from your salary to an individual account, set up in your name, such as a 401(k), 403(b), or 457 plan?

*Answered “Yes”*

2001 – 66%

2005 – 78%

The same RCS survey asked: – Do you contribute money to the plan?

*Answered “Yes”*

2001 – 76%

2005 – 82%

Other evidence that financial education is changing lives is accumulating. One Cooperative Extension Service (CES) educator told us:

*“If you could see the excitement in their eyes and hear the gratitude from students, you would understand. They frequently stop me in hallways now to ask questions about personal financial matters.”*

We were persuaded in our earlier study that the mobilization of public and private sector resources to help people become financially competent would effectively reawaken a sense of increased opportunity for many Americans. Traditional values—getting ahead, having a job with a future, setting goals, becoming a homeowner,

having a secure later life, getting a second chance, giving back to the community—were mentioned by many of the program participants we interviewed. Our interviews with participants and educators in 2005 affirmed this earlier finding.

Several organizations and researcher have made recommendations about effective practices for financial literacy education, including our previous study and, more recently, guidelines published by the Office of Financial Education of U.S. Treasury Department (see Chapter Two). Effective education, according to researchers at The Enterprise Foundation, suggested the following elements “to meet participants where they are when they start the training and build on what they know in an affirming and participatory way.” Eight traits make financial education mandated for participants in Individual Development Accounts (IDA) Programs both effective and engaging<sup>15</sup>:

- A skilled facilitator.
- Well planned training tied to behavior objectives with a focus on application.
- Content relevant to the audience.
- Education based on and reflective of the principles of adult learning.
- Training that balances the diverse realities of multiple learners.
- An adult-oriented and accessible location.
- A schedule that is respectful of the needs of the audience.
- Training that includes evaluation.

It is perhaps not surprising that litanies of effective program elements are similar and sometimes overlapping. The research capabilities, educational experiences, knowledge levels and motivations of the people and organizations, which sponsor and promote financial education across the U.S. is focused, broad, and for the most part, deeply rooted. From our interviews and other research, we found on balance, that there is more reason for optimism than pessimism.

### **Assessing Financial Literacy Levels**

In Cutler and Devlin’s “Financial Literacy 2000” project,<sup>16</sup> a sample of 1,000 adults was surveyed to provide financial knowledge profiles of the U.S. population. The researchers found low levels of financial literacy, especially with respect to investments and other retirement issues. They conceived of financial literacy as having both knowledge and confidence dimensions and as a function of the financial information to which one has access. Devlin<sup>17</sup> stated that:

*“The simple but critical premise...is that the key to getting people to improve their financial behavior is to first give them the information which they can then use to confidently engage in the desired behavior.”*

Although financial education offerings, finance-related Internet sites, magazines,

books, and other media interest in personal finance continues to provide a plentiful amount of information, questions about what is needed to get people to improve their financial behavior are only now being seriously debated, and definitive answers are elusive to date.

One way to measure the effects of financial education is by trying to assess, as Cutler and Devlin did, how much people *know* about personal finances. But most studies assessing financial knowledge have produced similarly disappointing results.

The Washington, DC based JumpStart Coalition administers a national survey to high school seniors every two years. Scores are calculated from a 31-question, age-appropriate multiple choice test, which examines a student's ability to make financial decisions. In 2000, the average financial literacy scores of high school students were 52 percent, and in 2004, scores were still a disappointing 53 percent.

Dr. Lewis Mandell, who conducts survey research of high school students every two years for the JumpStart Coalition, finds that students taking a course in money management or personal finance may emerge from the course with little improvement in financial literacy as measured by scores testing what they know. Probing further, however, Dr. Mandell found that financial education did affect students' propensity to save without necessarily improving their financial literacy as measured by what they know. In other words, while financial education may not improve what students know, it appears it may impact *what students do*. Perhaps, as Dr. Mandell himself wonders, financial literacy is being measured by the wrong indicators.

Assessing what people *do* is a second way of measuring financial literacy. Pre- and post-tests, designed to gauge the impact of a course in personal finance, are commonly used by educators. In one case an instrument based on the AARP consumer self-assessment "How Good Are Your Money Management Skills?"<sup>18</sup> was administered to undergraduates attending a personal finance course.<sup>19</sup> The course follows a standard curriculum, uses a standard text,<sup>20</sup> and requires a personal financial plan as the end-of-semester project. Post-test results suggest that changes were made in the students' personal finance behaviors. Improvements were seen in student-appropriate items such as keeping financial records, reconciling bank accounts, and saving on a regular basis.

In a 2003 study of data from the University of Michigan's monthly Surveys of Consumers and the Survey of Consumer Finances, the connection between financial knowledge and financial management behaviors were assessed—what consumers know and what they do.<sup>21</sup> The study focused on four financial management activities: cash-flow management, credit management, saving, and investment. Findings statistically linked financial knowledge with financial practices: knowing about credit, savings and investment was correlated with having higher scores for credit management, savings, and investment practices. Causality, however, is not certain from the results of the study as the authors note. In other words, does financial knowledge lead to competent financial management or do cash management

practices lead to better financial knowledge?

In another empirical study involving data gathered from a national sample of insurance company employees, Hira and Loibl<sup>22</sup> examine linkages between financial education and employees' (1) expectations of future financial situation; (2) knowledge about four specific areas of finance: retirement needs, investing money, providing for the future, and managing credit use; and (3) workplace satisfaction—how people think or feel about their employer. Study results indicate that employer-provided financial education significantly stimulates financial literacy and, in turn, leads to expectations for a better future financial situation as well as greater workplace satisfaction.

These empirical results are consistent with earlier findings by Bayer, Bernheim and Scholz that participation in and contributions to voluntary savings plans are significantly higher when employers offer retirement seminars, especially for non-highly compensated employees.<sup>23</sup> They also support qualitative research results that report similar employee benefit and satisfaction after having attended workplace financial education.<sup>24</sup>

While it is likely that the effects of financial knowledge and competent financial practices are reciprocal—that one reinforces the other—the rapidly accumulating literature on knowledge levels and financial literacy offer insights that were unavailable as recently as 2000. Today, assessments are being used to measure beliefs, attitudes, values as well as behaviors and actions in addition to financial knowledge. A shift away from measuring only what people know at a given point in time may help program managers, educators and policymakers better define desired outcomes and better evaluate the impact of personal finance education in the future.

## Study Design

This study was designed to address these questions:

*First*, what factors during the past five years influenced and accelerated the rapid spread of personal finance education programs across the nation?

*Second*, what changes have occurred in the successes and challenges encountered by program organizers and educators between 2000 and 2005?

*Third*, what improvements can be incorporated into financial education initiatives and programs to help them become more effective for students and program participants in the future?

The following report weaves together common threads that have encouraged the rapid—and more organized—spread of financial education across the nation during the past five years. It endeavors to describe the national setting that made the rapid growth of financial education possible, and to take readers to places where financial

education is happening. It also gives voice to the people who have taken one (or more) course on personal finance.

The coalitions, partnerships, and other networks formed in the mid-1990s influenced the spread of personal financial education over the past five years. Other national initiatives were undertaken by some financial services organizations, groups and companies, and community and faith-based organizations combined financial education efforts with wealth building goals to create local networks and initiatives. These and other links in the financial education chain, including the Internet, have been examined in this study to learn how they fit into the sweep of personal finance education efforts happening across America today.

### **Methods and Limitations of the Study**

Interviews of industry leaders, program managers, and educators form the backbone of the content. Profiles also include historical and other organizational detail selected from Website references to which we were referred, as well as comments from focus group interviews with participants whenever they are available. (We particularly value consumer viewpoints and the human perspective these focus groups help bring to our work.)

We return to the Weyerhaeuser Company and UPS, two of our original workplace financial educators, to see whether and how national and global events impacting American business have changed these companies' programs. Other programs have been chosen for their representative social and economic diversity and/or to illustrate connections among them. We profile youth programs for the first time, visit the financial services sector, and return to community and faith-based programs that we engaged in the past or met in connection with this study. We also revisit the CES network of financial educators to learn about recent trends and approaches being taken by that organization.

We surveyed the field by social sector: workplace programs, community and faith-based organizations; youth and young adult programs; financial institutions; consumer organizations; and national level coalitions and partnerships in order to learn the breadth and depth of financial education programs nationwide. We investigated what populations were being reached, which types of organizations were involved, and in what settings programs were being taught. The process we employed involved in-depth surveys, discussions, focus group interviews, and Internet research.

Our aim during this field research was to find programs that have been influential in the spread of financial education nationwide or that are representative in one or more practice or setting. Our survey research is synthesized with an educational research model we used in our original study for analyzing financial education programs.<sup>25</sup>

### ***Critical Pathways Stages Model***

The modified model encompasses the following nine program elements, which we used to construct and analyze a matrix of extant education programs:

**Inception**—origin of the program and institutional goals and motivations;

**Needs Assessment**—determination of the need and desire for, and feasibility of the program;

3. **Planning**—method of planning, make-up and authority of planning committee, if any;

**Purpose, Positioning and Authority**—purpose of program, administrative placement in host institution and method by which the program direction is decided;

4. **Funding and Resources**—costs, revenue sources and institutional support;

5. **Scale, Participants and Strategy**—targeted population, goal for size of program, short-term or long-range focus of the program;

6. **Program Content, Pedagogy and Delivery**—curriculum and teaching methods;

7. **By-Products**—publications, exhibits, and new programs; and

8. **Evaluation**—criteria of program success

We generally followed these stages of program development in our questionnaire to help us tap into main features and experiences of education program directors. A modified version of this model was used to create the matrix of programs, which appears in Appendix A for ease of presentation: Program Description; Inception & Development; Scale, Participants & Strategy; Program Content, Pedagogy, & Delivery; and Program Impact.

We probed key elements of programs in this fashion. From this information, and helped by the literature and by websites of the organizations, we were able to identify the ways in which financial education programs have evolved and progressed since 2000. The survey instrument we used is included in the appendix. However we did not use this instrument in our discussions with industry leaders and consultants.

### ***Organizational Characteristics of the Study Population***

We conducted 40 interviews with industry leaders, program directors, educators and consultants in a variety of organizations, all engaged in diverse aspects of financial

education. We also interviewed participants in seven focus groups at education program sites. All together, the organizations we profile in this report link dozens of national, state and local partnerships, networks, coalitions, and educational programs that train teachers and educate consumers; provide funds, volunteers, educational materials, and expertise; and share information, research and facilities.

We surveyed: (1) workplace financial educators and consultants; (2) Cooperative Extension Service (CES) Education Directors; (3) college program directors; (4) the United States Department of Defense and U.S. Army; (5) youth program directors and teachers; (6) faith-based program administrators; (7) community program directors; and (8) nationwide programs for the general public. In addition, we analyzed over 250 active Internet sites. We also spoke with financial education industry leaders from both the public and private sectors.

Programs are categorized by sector, although certain program elements cross boundaries and can be found in multiple educational arenas. The universe of cases is primarily a theoretical sample chosen by informed judgment and field experience to be representative. Some programs, however, were chosen for their descriptive strength.

This study cannot possibly do justice to the myriad organizations, personal finance courses, or the hundreds of publications, Websites, and learning opportunities in the marketplace, nor can it be generalized to all personal finance education programs. We did not randomly select the organizations we surveyed, nor have all organizations been equally profiled. We know of many noteworthy programs not covered in this report. Unfortunately, within the agreed upon constraints of our research, we were able to select only a relatively few organizations and programs to profile.

## Organization of the Report

This report is organized into nine chapters, with Appendices.

Chapter One, “Introduction,” sets the stage by revisiting the concepts of personal financial literacy and financial education. It articulates the study questions, objectives, and limitations of the study, how the data are collected, characteristics of the programs, and the staged model of development we used to analyze the programs.

Chapter Two, “National Campaigns, Coalitions, and Other Initiatives,” examines the outreach and effectiveness of the national initiatives and partnering that set the tone, outreach, philosophy, motives, and imperatives that characterize the industry today.

Chapter Three, “Consumer Affairs and Effective Financial Education,” presents the organizations and initiatives that advocate for consumers and inform the financial education community about creating effective consumer financial education.

Chapters Four, Five, and Six all follow the same format. We briefly consider the study findings unique to the sector(s) under examination: Workplace and the U.S. Military; Community and Faith-based; and Youth and Young Adult Programs. We present a matrix in Appendix A that describes the particulars of selected programs, and provide descriptions as well in “mini” profiles throughout these chapters.

Chapter Seven, “The Internet,” presents the findings from a current analysis of financial education offerings via Cyberspace.

Chapter Eight, “Federal and State Legislation,” sets forth an historical perspective of new legislation, both enacted and pending, that endeavors to improve the financial education landscape for school-aged children and adult Americans.

Chapter Nine, “The State of Financial Education in the U.S. in 2005,” is a summary of the report together with some discussion and recommendations for future strategies, endeavors, and/or further study.

## CHAPTER TWO NATIONAL CAMPAIGNS, COALITIONS, AND THE FINANCIAL SERVICES SECTOR

The American financial system grew in speed, sophistication, and complexity during the 1990s. Financial products and services multiplied along with the technological and other means of marketing them. During the same period, while consumers were being urged to start managing the details of their own finances, leaders of private and public sector organizations began noticing that many lacked the knowledge and skills they needed to succeed at personal financial management.

Large numbers of Americans, especially low-wage, older, and disadvantaged individuals, were already burdened by inadequate personal resources to meet pressing obligations. Personal saving rates were down. Debt levels and personal bankruptcies were heading up. Surveys reported that people were not financially literate and that people of all ages, incomes, and education levels lacked the basic financial knowledge and skills to ensure long-term financial stability for themselves and their families.

Against this backdrop, national coalitions, campaigns, and educational initiatives involving major public and private organizations came together in partnership to encourage and to mutually support personal financial education for Americans at every age and life stage. Numerous organizations and networks of educators across the nation now offer research and insight, provide resources and educational materials, and sponsor an amazing range of financial education programs. Many of these efforts were influenced, helped, and fostered by the organized efforts that set the nation's financial education agenda beginning in the mid 1990's and continue to this day.

### **The American Savings Education Council (ASEC)**

The American Savings Education Council (ASEC) is a national coalition of public- and private-sector institutions which is committed to making saving and retirement planning a priority for all Americans. ASEC was organized in July 1995 after discussions were held between the Employee Benefit Research Institute (EBRI), the U.S. Department of Labor (DOL), the U.S. Department of the Treasury, and 65 public and private organizations. It is a program of the Employee Benefit Research Institute Education and Research Fund, and has over 250 partnering organizations that consist of corporations, financial institutions, financial trade associations, U.S. government agencies and universities.

ASEC produces educational materials, participates with Greenwald & Associates in generating and distributing annual survey research on retirement confidence and health confidence, and hosts periodic partners meetings to share information on best practices and advances made by partnering organizations. ASEC collaborates on financial income security initiatives, sponsors and facilitates public messaging that

supports consumer saving and retirement planning, and provides networking opportunities for its partners and partners' representatives.

### **Some ASEC Accomplishments**

Since its creation in 1995 under the leadership of ASEC Chairman Dallas Salisbury, ASEC:

- has been a major partner in the development of the federal government's *Savings Matters* campaign, now in its 10th year.
- was a major resource for the U.S. Congress as it drafted the SAVER Act of 1997 (Savings Are Vital to Everyone's Retirement), in conducting the 1998 National Summit on Retirement Savings, and in funding the 2002 National Summit on Retirement Savings.
- helped the U.S. Securities & Exchange Commission (SEC) develop the *Facts on Saving and Investing Campaign* in 1998 to encourage Americans to get the facts about how to achieve financial security.
- partnered with the Social Security Administration on the *Save For Your Future*® national education campaign, launched in 2003, that promoted use of the Social Security Statement.
- is the lead resource organization for the 2005 White House Conference on Aging Mini-Summit on "Financial Literacy Throughout the Lifecycle."
- benefits from the world class research of the Employee Benefit Research Institute (EBRI), its parent company, including access to analysis from the world's largest database on 401(k) plan participants.
- created the *Ballpark Estimate*® retirement planning worksheet and calculator used by consumers daily online at [www.choosetosave.org](http://www.choosetosave.org), and through partnerships with the Internal Revenue Service, the Social Security Administration, and other organizations.
- is a major force in directing Congressional, Federal, state government, and media attention to the need for financial education, savings, and retirement planning.

ASEC's *Choose to Save*® public service messaging campaign runs in all 50 states on television and/or radio stations through partnerships with the National Association of Broadcasters and the Associated Press (AP). Tens of thousands of public service announcements have now been broadcast at a value that exceeds 50 million dollars.

## The Jump\$tart Coalition

In March, 1995, the American Financial Services Association (AFSA) established the AFSA Education Foundation. AFSA hosted a symposium in Reston, VA during December 1995, which was attended by non-profit organizations involved in financial and economic education. They included the National Endowment for Financial Education (NEFE), National Council on Economic Education (NCEE), National Institute for Consumer Education (NICE) and educational components of federal agencies.

Attendees brought information and materials related to youth money management. The purpose was to identify and understand what was being done that could serve the personal financial management educational needs of youth. The group found that:

- Each organization was taking a differing approach to the financial education needs of youth, and that there was little, if any, coordination or cooperation among them.
- Life skills courses such as home economics, (now family and consumer sciences), business education, and vocational education had decreased in popularity between 1950 and 1990 among students. Growing concentration on core subjects and state standards were pushing life skills courses, including financial education, out of students' schedules. Instead, education was being focused on post-secondary preparation.
- Young people were graduating from high school and entering the marketplace without needed financial knowledge and skills;
- Although federal regulatory offices were asked to educate young people in financial management skills, no one organization could successfully influence, impact, or turn the situation around.
- Consumers were not trained to effectively manage new technology that transformed paper transactions to electronic based financial systems.

The group decided to work cooperatively and to continue discussions at regularly scheduled meetings. As a result of these discussions, the Jump\$tart Coalition for Personal Financial Literacy was established and introduced to the public at a meeting/press conference hosted by the Federal Reserve Bank in May, 1997.

The Jump\$tart Coalition found that the average graduating high school student lacks basic skills in personal finance. Many graduates are unable to balance a checkbook and most have no knowledge of the management principles of credit, spending, saving, and investing money. Too many young people fail in the management of their first consumer credit experience. They establish poor financial habits, and stumble through their lives learning by trial and error.

JumpStart's objective is to encourage curriculum enrichment, which ensures that basic personal financial management skills are attained during K-12 education. The wheels of education do not need to be reinvented, according to JumpStart, they simply require the inclusion of this basic set of needed life skills.

JumpStart identifies high-quality personal finance materials for educational use. Its [Clearinghouse](#) is a database of personal finance resources available from government, business, and non-profit organizations. Anyone who needs such educational materials may order them directly from the source, and many are low cost or free of charge. Teachers often use these personal finance teaching materials to meet state standards in economics, business, math, and family and consumer science courses.

### **The National Endowment for Financial Education (NEFE)**

The National Endowment for Financial Education (NEFE) evolved from and served as the parent entity of the Denver-based, non-profit College for Financial Planning from 1992 to 1997. The College created the standard-setting Certified Financial Planner™ designation, which helped define the concept of financial planning and establish it as a profession. NEFE also greatly expanded the College's previous consumer financial education efforts. Through the organization's work with the public, the board and management of the National Endowment recognized that a critical need existed for an on-going educational effort to provide reliable and impartial personal financial information to consumers—particularly those segments of the population whose needs were not being met by others.

In 1997, the Board of Trustees focused NEFE's efforts solely on its public service mission. NEFE transferred ownership of the College for Financial Planning and several related divisions to another organization. The proceeds of this transaction, plus the endowment built up over the years, now fund NEFE's public service work.

This legacy of service continues with NEFE's commitment to provide, through its collaborations with other organizations, financial education and "real world" information to people at all societal levels. NEFE's collaborative efforts have had an impact across a wide swath of organizations that serve others. Many ill, challenged, young, culturally diverse, and underserved Americans have benefited by receiving personal financial education materials through NEFE's collaborative generosity and outreach. As a public service, and in trailblazing fashion, NEFE helped a wide number of organizations develop and distribute personal finance educational materials where none existed before. Among them, are

- *A series of financial education booklets for foster children and their caregivers. The material describes money as an important tool and mirrors the mission of the Annie E. Casey Foundation: to help improve the lives and prospects of disadvantaged youngsters in at-risk situations.*

- *Steps to Understanding Financial Issues: Resources for Individuals with Alzheimer's Disease* and *Steps to Understanding Financial Issues: Resources for Caregivers* of Alzheimer patients..
- Several booklets and a brochure produced by NEFE for the American Cancer Society to help cancer patients, their families, and caregivers, fully address the staggering financial impact of cancer.
- A series to meet the needs of Native Americans that includes a blend of personal financial information with traditional and contemporary tribal and cultural values.
- Financial education for Caregivers and survivors of Stroke.
- *Take Charge: Money Matters and Your Arthritis*
- *Turning Toward Prosperity: A Guide for Personal and Financial Growth*, a publication to help the homeless and other disadvantaged individuals rebuild life skills.
- A Website, developed in collaboration with the Community Action Partnership, to help Community Action Agencies work with low-income individuals and communities provide financial planning insight to the people they serve.
- *Finding Paths to Prosperity*, a core curriculum on personal finance, designed and developed by NEFE in collaboration with the Corporation For Enterprise Development (CFED) and the Fannie Mae Foundation.
- In partnership with the Boy Scouts of America, NEFE revised, updated, and printed a Personal Management Merit Badge booklet, which covers the concepts of goal setting and money management.
- A 56-page guidebook for the Boys & Girls Clubs of America., entitled *Financial Skills for Life: A Money Management Program for Boys & Girls Club Teens* that provides teenagers with realistic financial information.
- A book for the Children's Scholarship Fund that emphasizes the importance of education and the benefits of meeting both financial and educational goals for low-income families receiving scholarship assistance.
- To help City Year corps members—about 1,000 young people from diverse backgrounds—learn positive financial habits, NEFE worked with City Year to develop a guide to money management entitled *Personal Financial Management: A Foundation for a Lifetime of Service*.
- *Girl Scouts Money Smarts: A Personal Finance Project Resource Guide for Cadet and Senior Girl Scouts and Leaders*, an activity-based book designed to foster interest in and comfort with financial language and concepts.

NEFE has collaborated with many other organizations in a wide variety of efforts to advance personal financial education in the contexts of personal opportunity and

growth, health, and well being for individuals, caregivers, and families. Projects assist the nation's youth and people in special circumstances requiring financial information or education that relate specifically to their immediate situation.

NEFE “Think Tanks” and Symposiums have brought together scholars, educators, practitioners and financial professionals from around the U.S. to generate research, and to contribute ideas to, and “best practices” in, financial education settings. A look at the NEFE website, [www.nefe.org](http://www.nefe.org) discloses the array of programs and organizations with which NEFE has worked since 1997.

### **The Fannie Mae Foundation**

The Fannie Mae Foundation, a private nonprofit organization solely supported by Fannie Mae Corporation, has been a leader in providing support for financial education that leads to affordable housing and to homeownership for underserved populations. Its mission is to create affordable homeownership and housing opportunities through innovative partnerships and initiatives that build healthy, vibrant communities across the U.S.

In our former study, participants cited homeownership most often as the determining reason for enrolling in a financial education course<sup>26</sup>. “Homebuyer education programs” –many of them using Fannie Mae Foundation materials and other resources—have been for many years an early prototype of effective financial education. For most Americans, owning a home is an important part of the American Dream.

Home buyer education is growing in popularity around the nation, and such education utilizes the Foundation’s educational materials. To help first-time homebuyers, NEFE and the Fannie Mae Foundation partnered on a guide entitled *Knowing and Understanding Your Credit*. In addition, NEFE partnered with the Fannie Mae Foundation to create the Foundation’s step-by-step *Home Buying Guide*.

The *Guide* incorporates basic financial education principles, provides writing and document literacy exercises, and is free of charge to the general public and also to trainers and financial education teachers. Since 1999, the Guide has been available in English, Spanish, Chinese, Korean, Vietnamese, Russian, Polish, Portuguese, and Haitian Creole. It may be downloaded from the Foundation’s multilingual Web site, [www.homebuyingguide.org](http://www.homebuyingguide.org), or it may be requested by mail.

### **The U.S. Treasury Department**

The Department of the Treasury has been a leader in promoting financial education. Under President Clinton, Treasury Secretary Lawrence Summers, in April, 2000, launched the National Partners for Financial Empowerment (NPFE), a public-private partnership formed to promote the development of personal financial skills.

Under President Bush, in May 2002, the Treasury Department established the new Office of Financial Education (OFE). The OFE has worked since then to promote access to the financial education tools that can help Americans make wiser choices in all areas of personal financial management, with a special emphasis on saving, credit management, home ownership and retirement planning.

The Financial Literacy and Education Commission was established under Title V, the Financial Literacy and Education Improvement Act, which was part of the Fair and Accurate Credit Transactions Act of 2003, to improve financial literacy and education of persons in the United States. The principal duties of the Commission include:

- (1) encouraging government and private sector efforts to promote financial literacy;
- (2) coordinating financial education efforts of the federal government, including the identification and promotion of best practices;
- (3) the development of a national strategy to promote financial literacy and education among all American consumers;
- (4) the establishment of a website to serve as a clearinghouse and provide a coordinated point of entry for information about federal financial literacy and education programs, grants, and other information; and
- (5) the establishment of a toll-free hotline available to members of the public seeking information about issues pertaining to financial literacy and education.

The OFE coordinates the efforts of the Financial Literacy and Education Commission (the Commission), a group chaired by now Secretary of Treasury, John W. Snow. The Commission is composed of representatives from 20 federal departments.

OFE developed a list of eight elements of a successful financial education program, each element classified as relating to the program's content, delivery, impact or sustainability. The primary purpose of the eight elements is to offer guidance to financial education organizations as they develop programs and strategies to achieve the greatest impact in their communities.

### **The Eight Elements of a Successful Program**

- |                 |  |
|-----------------|--|
| <b>Content</b>  | <ol style="list-style-type: none"><li>1. Focuses on basic savings, credit management, home ownership and/or retirement planning.</li><li>2. Is tailored to its target audience, taking into account its language, culture, age and experience.</li></ol> |
| <b>Delivery</b> | <ol style="list-style-type: none"><li>3. Is offered through a local distribution channel that makes effective use of community resources and contacts.</li></ol>   |

- |                       |  |
|-----------------------|--|
| <b>Impact</b>         | <ol style="list-style-type: none"> <li>4. Follows up with participants to reinforce the message and ensure that participants are able to apply the skills taught.</li> <li>5. Establishes specific program goals and uses performance measures to track progress toward meeting those goals.</li> <li>6. Demonstrates a positive impact on participants' attitudes, knowledge or behavior through testing, surveys or other objective evaluation.</li> </ol> |
| <b>Sustainability</b> | <ol style="list-style-type: none"> <li>7. An be easily replicated on a local, regional or national basis so as to have broad impact and sustainability.</li> <li>8. Is built to last as evidenced by factors such as continuing financial support, legislative backing or integration into an established course of instruction.</li> </ol>  |

In addition, to the Secretary of the Treasury, the Commission is composed of the heads of the Office of the Comptroller of the Currency; the Office of Thrift Supervision; the Federal Reserve; the Federal Deposit Insurance Corporation; the National Credit Union Administration; the Securities and Exchange Commission; the Departments of Education, Agriculture, Defense, Health and Human Services, Housing and Urban Development, Labor, and Veterans Affairs; the Federal Trade Commission; the General Services Administration; the Small Business Administration; the Social Security Administration; the Commodity Futures Trading Commission; and the Office of Personnel Management.

Many of these federal agencies and departments have been active in on-going financial education initiatives and programs for several years. In particular the Securities and Exchange Commission (SEC), the Federal Reserve, and the FDIC have made major contributions to the growth of the nation's financial education initiatives. These and all of the government organizations listed have worked and partnered with ASEC, the Jump\$Start Coalition, NEFE, states and localities, and with one another.

## The Financial Services Sector

Most of the Charter and other contributing Partners of the American Savings Education Council (ASEC) are from the U.S. financial services sector. The Jump\$Start Coalition and NEFE were also formed by organizers from the financial services sector. In addition, many financial services institutions, trade associations, and individual banks and other financial organizations have subsidiary or affiliate non-profit educational foundations that have been formed or have programs that provide personal financial education to consumers. While it is not possible to list them all, the following financial services associations, companies, foundations and other organizations provide some form of personal financial education to consumers:

- The American Bankers Association Education Foundation provides leadership and banker resources to help consumers take control of their personal finances.

- The Mortgage Bankers Association of America's Home Loan Learning Center offers an on-line free Home Buyer Education Course, which has been designed to take the mystery out of the process for consumers.
- Since 2001, the Consumer Bankers Association has conducted a Survey of Bank-Sponsored Financial Literacy Programs to measure the magnitude of these programs and to examine, in detail, the range of individual bank efforts. With the increased legislative and regulatory focus on financial literacy, CBA has added this annual survey to its top lobbying and educational initiatives. According to preliminary findings of CBA's 2005 Financial Literacy Survey, bank financial literacy programs continue to reach more consumers, with an emphasis on mortgage lending and teaching consumers about credit scores and the underwriting process.
- To lead the Certified Public Accountant profession in a national effort to advance the financial literacy of Americans. The Commission's objectives include: motivating CPAs to participate in personal finance education, increase awareness of the need for personal finance education, create 360 Degrees of Financial Literacy Online consumer financial education online.
- The Investment Company Institute (ICI) is a membership organization of mutual funds. Since 2000, ICI affiliate, the Investment Company Institute Education Foundation's (ICIEF) primary focus has been the "Investing for Success" program and partnerships. The program is designed to strengthen investor awareness in the African-American and Hispanic communities. The Foundation also participates in national educational partnerships and programs, including ASEC, the Alliance for Investor Education, the Congressional Black Caucus Foundation, and the Congressional Hispanic Caucus Institute.
- Financial Literacy 2010 is a joint project of state securities agencies, the Investor Protection Trust, the North American Securities Administrators Association and the National Association of Securities Dealers. Launched in 1998, Financial Literacy 2010 is a national campaign to increase the average high school student's knowledge about personal finance and investment. The organization provides high school teachers with educational tools and support.
- America's Community Bankers (ACB), the national trade association representing community banks assists its members in providing information to consumers that will be helpful in understanding and using financial services. Information about financial services and financial calculators help consumers pre-qualify for mortgages, consolidate debt, plan for college savings.

- Visa, along with consumer groups and financial experts, has been working to bring personal financial education tools to America's parents, teachers and children. These tools are available through Visa's online resource site, ([www.practicalmoneyskills.com](http://www.practicalmoneyskills.com).) Visa also has worked with a team of financial and education experts including the Jump\$tart Coalition, the National Consumers League and education portal, EdGate.com, to create a cutting-edge Internet-based personal finance curriculum ([www.visa.EdGate.com](http://www.visa.EdGate.com)) that reaches more than 12,000 schools and five million students. In addition to providing a free personal finance curriculum, Visa donates computer equipment to schools in need and provides training for teachers.
- In 2002, Bank of America and the National Council of Economic Education (NCEE) launched Financial Fitness for Life, a multifaceted, comprehensive economic and financial literacy program for grades K-12 that involves teachers, parents, and students.

The innovation, funding, collaboration, and dynamic partnering of the financial services industry, and their member banks and companies, have fueled the efforts of personal financial education organizers nationwide. While it can be argued that it is in the best interests of financial institutions to work with an informed customer base, this was not always the attitude of the industry.

Many other examples and details of financial industry and member firms' participation and partnering with individual programs will be found in this report, and our list of organizations and companies is by no means complete or exhaustive. (See also Chapter 7 – The Internet for a listing that includes the online education offerings of many financial institutions and organizations.)

## CHAPTER THREE CONSUMER AFFAIRS AND PERSONAL FINANCIAL EDUCATION

The Consumer Affairs and Education movement is generally considered to have begun with President Kennedy's Consumer Rights and Responsibilities preamble to a speech he made to the joint houses of Congress in 1962. The movement grew in the 1960's and 1970's as extensive federal and state consumer protection laws and local ordinances were passed. Consumer protection departments were established by state and local governments, and consumer organizations such as the Consumer Federation of America, American Council on Consumer Interests, and the American Association of Retired Persons were formed or expanded. Consumer education, consumer awareness, and consumer rights, all became part of the national lexicon.

The mid 1980's marked a turning point for the consumer affairs and protection movement. There was a drastic decrease in the pace of legislation. Budget cuts and reduced consumer interest were the death knell of many consumer protection offices around the nation. Consumer education courses attracted fewer students. Many consumer advocacy organizations lost funding and the financial support of members as membership in such organizations decreased.

At the same time, interest in personal finance ramped up. Some elements of traditional consumer education survived and were transformed into the financial management and personal financial education network. Other organizations, representative of a vibrant consumer sector, remain strong and active in personal financial education today. They include the Cooperative State Research, Education, and Extension Service [CSREES] of the U.S. Department of Agriculture, Consumer Federation of America, AARP, and the Woodstock Institute.

Many federal departments and agencies such as the Federal Trade Commission (FTC), Federal Deposit Insurance Corporation (FDIC), the Federal Reserve, the Securities and Exchange Commission (SEC), the Federal Citizens Information Center, and the United States Mint compliment (and often lead) the efforts of private organizations by providing personal financial resources to educate consumers.

## Cooperative Extension System (CES)

The Cooperative Extension System (CES) encompasses a county, state, and federal network that links the educational and research resources and activities (Cooperative State Research, Education, and Extension Service [CSREES]) of the U.S. Department of Agriculture (USDA). CES is an educational outreach system housed in land-grant universities. Established in 1862 by the Morrill Act, land-grant universities were designed to make higher education more accessible.

The Hatch Act of 1887 furthered this objective by creating a system of agricultural experiment stations in the land-grant universities devoted to mission-oriented research. In 1914, the Smith-Lever Act created the CES and outlined its primary missions: to educate at the graduate and undergraduate levels, to conduct research that is fundamental to the knowledge of the university beyond its walls and into the surrounding community. Almost 100 years later, the CES mission to "help people improve their lives and communities through learning partnerships that put knowledge to work", brings financial education programs to consumers where they live and work.

The educational system ties together each of the 1862 land-grant universities found in the 50 states, Puerto Rico, the Virgin Islands, Guam, Northern Marianas, American Samoa, Micronesia, and the District of Columbia, as well as Tuskegee University and the sixteen 1890 land-grant universities. In 1994, CES expanded to include Native American colleges and universities. Thus, today CES can be found in all 104 land-grant universities, with offices in nearly all of the nation's 3,150 counties.

CES offers a broad array of services and programs. One major objective is to improve the financial management competency of the country's individuals and families. This objective is carried out through the Financial Security Program area. Working through land-grant universities and other partners, CES targets programs for youth, financially vulnerable populations, and consumers making financial decisions through their lifetime. The overall goal is for people to acquire the knowledge, skills, and motivation to build financial security. Programs focus on behavioral change, beginning with achieving financial self-sufficiency, then stability. Financial Security initiatives include:

- Financial Security in Later Life program,
- Small Steps to Health and Wealth program,
- Partnership with the National Endowment for Financial Education to revise, deliver, and evaluate the NEFE® High School Financial Planning Program,
- Family economics research focusing on how people obtain and use resources and explores relationships among individuals, families, and the economy,

- Youth financial education, focusing on the basics of earning, spending, and saving money,
- Post- secondary education in family economics preparing professionals for the financial services, human services, teaching, and consumer public policy fields.

A major turning point for CES since 2000 is e-Extension. This is an Internet-based access ([www.csrees.usda.gov/financialsecurity](http://www.csrees.usda.gov/financialsecurity)) to Extension curriculum and financial education. It offers a broad approach to financial security for all groups and ages. In 2005, emphasis is being placed on a mix of Internet-based and place-based education as the ideal.

### ***Financial Security in Later Life***

The first Financial Security program developed under this focus is the Financial Security in Later Life (FSLI) initiative. FSLI is a nationwide educational program initially designed to be totally on the Internet ([www.csrees.usda.gov/fslI](http://www.csrees.usda.gov/fslI)) that helps people acquire the knowledge to achieve financial security in later life. Rolled out in 2002, it has won awards from the American Distance Education Council and the Association for Financial Counseling and Planning Education. Program objectives include helping people improve personal finance behaviors leading to financial security in later life, enhancing the capacity of local educators and their partners to deliver effective programs, and increasing economic vitality and quality of life for families and communities. The program is designed to help aging baby boomers prepare for financial security in later life.

The FSLI website is divided into two multi-faceted components: Tools for Consumers and Tools for Educators. “Tools for Consumers” provides links to online financial planning tool, including “66 Ways to Save Money”, AARP financial planning tools, “Ballpark Retirement Estimator”, Social Security benefit calculators, and a Personal Wealth calculator. Consumers can use these tools individually 24/7 or they can be incorporated into place-based education programs. “Tools for Educators” provides links to education programs, background information, organizations with similar interests, program evaluation tools, and a Program Toolkit. The Toolkit includes program outlines, PowerPoint presentations, activity sheets, handouts, facilitator’s guide, and evaluation tools for eight “Financial Security in Later Life” programs. Educators and community organizations can find everything they need to present these programs to their constituent groups.

The FSLI Initiative also has an online evaluation system for gathering feedback from community educators. Quantitative program data can be reported by the states via the password-protected FSLI database. Anecdotal impact statements and success stories can also be reported to a text-based section of the database. Educators can access on-line evaluation and accountability resources on the Initiative’s website. As of May 2005, Extension educators in 24 states have reported online impact data

resulting from program evaluations by 38,132 individuals who participated in one or more of eight Initiative-related programs. Post program evaluations reported:

- 93% of participants surveyed indicated that they would recommend the FSSL program(s) they completed to others;
- 89% increased their financial literacy related to later life issues;
- 59% said they planned to utilize recommended financial management practices;
- 53% of a group who were surveyed after completing programs said they had developed plans to achieve retirement and/or future income goals.

### ***Small Steps to Health and Wealth***

The Small Steps to Health and Wealth is a CES program developed and piloted in 2004. It identifies the many similarities between health and financial issues and uses these common characteristics as the premise for behavioral change strategies. It provides information about changing health and personal finance behaviors using a “small step” strategy to reach the dual goal of improving health while building assets and financial well-being.

The curriculum is provided in a two-hour PowerPoint presentation including: Wellness Wheel, worksheets, and evaluation tools. A system using an online database as a way to track the program’s impact on participants’ health and finances is in development. One of the most useful program components is the “25 Behavior Change Strategies for Health and Wealth”. These include approaches that track current behavior, automate good habits, and create behavioral templates.

### ***CES Research***

Another important CES initiative is research that has potential broad application. Research is conducted in family economics departments of universities across the nation, which focuses on how individuals and families obtain and use money, time, human capital, other material resources, and community services. CES research also explores the relationship between individuals and families and the larger economy and studies the impact of public issues, policies, and programs on family economic well-being.

### ***CES Youth Personal Financial Education***

As shown repeatedly in the Jump\$tart Coalition’s biennial survey of financial knowledge of high school seniors, many young people are unskilled in managing their personal finances; yet this crucial life skill will greatly affect their future financial well-being. CES is working with its partners in CSREES and non-profit organizations to help America's youth understand the basics of money management, and develop sound financial habits to expand their opportunities for the rest of their

lives. Programs include Financial Champions for 7<sup>th</sup> to 9<sup>th</sup> graders and Consumer Savvy that includes Cyber Savvy Arcade e-learning game.

CES also partners with the National Endowment for Financial Education® (NEFE), to increase personal financial education among the nation's youth. The NEFE® High School Financial Planning Program (HSFPP) is a long-standing public service effort that offers teachers and other educators an extensive and innovative curriculum covering the basic concepts of financial planning for teens. Teacher training is included.

## The Consumer Federation of America

Founded in 1968, the Consumer Federation of America provides a voice for consumers through research, education, service and advocacy. The size and diversity of its membership, about 300 nonprofit organizations representing more than 50 million people, enables CFA to speak for all consumers, particularly those in the greatest need—the nation’s least affluent.

CFA’s programs include education for the public, policy-makers, and other public interest groups through its website, conferences, reports and more than one dozen publications.. The organization is involved in advocacy to advance pro-consumer positions on issues before Congress, White House, State and Federal regulatory agencies, and the courts. CFA works with public officials to promote beneficial policies, oppose harmful policies, and to ensure a balanced debate on important issues from energy policies to health and safety, housing, food and agriculture and other issues that touch the lives of American consumers.

### **Research-Based Consumer Initiatives**

Using surveys, polls, focus groups, and literature reviews, CFA investigates consumer issues, attitudes and behavior. Research findings are published in reports that assist consumer advocates and policymakers as well as consumers. This research also provides the basis for new consumer initiatives, public service messaging, and consumer information and education efforts.

When recent research found that a lack of personal savings to cover emergency expenditures was a principal cause for worry among women, especially young women, CFA and Visa launched the “Save \$500 Challenge: Preparing Women for a Rainy Day”. The program encourages more women to open and maintain an emergency savings account of at least \$500. Women who enroll in the challenge through CFA receive weekly saving tips via email and are eligible to enroll as an American Saver in the America Saves program.

## ***On-line Consumer Information***

The CFA website includes its recent press releases, recent research, policy, and consumer publications. The site has sections for each of its major research, publication and advocacy areas.

The Consumer Finance section provides brochures, press releases, and studies on banking, credit and debt, credit reporting, insurance, investing, savings, and wealth. The Consumer Information section of the website offers an extensive list of downloadable brochures and booklets on topics as broad as steps to six-figure savings, insurance, buying a home, auto leasing, hidden hazards, home play equipment, and long-term disability income insurance. CFA supports its federation member organizations by providing a local organization locator organized by region of the country and state.

## ***AmericaSaves***

CFA provides overall management for the AmericaSaves campaign. AmericaSaves is a grass roots, nationwide campaign involving around 20,000 enrolled Savers and 1,000 nonprofit groups, employers, financial institutions, and government agencies working at the local, state, or national levels. Through information, advice, and encouragement, AmericaSaves assists those who wish to pay down debt, build an emergency fund, save for a home, save for an education, or save for retirement.

Nationally, the campaign is being advised by representatives from some 50 major governmental, nonprofit, and business organizations. Government participants include the Federal Reserve Board, the Comptroller of the Currency, the U.S. Securities and Exchange Commission, the U.S. Department of Labor, and the U.S. Department of Agriculture's Cooperative Extension Program. Nonprofit advisory committee members include AARP, Consumers Union, the National Foundation for Credit Counseling, the American Savings and Education Council, and several minority organizations.

In a growing number of cities, a coalition of nonprofit, business, and government organizations have organized and maintain local “Saves” campaigns. The U.S. Military—Army Saves, Marine Corps Saves and Navy Saves. Special interest groups—Black America Saves, Hispanic America Saves—are also part of these initiatives. Typically individuals and families are provided with the following services:

- Savings messages and the availability of Saves services through local media and sometimes paid advertisements;

- A *Build Wealth Not Debt* brochure, and local Saves website, which explain how to save and how to use Saves services including enrollment as a Saver;
- Wealth-building workshops which show how almost anyone can save and build wealth;
- Enrollment of Savers who have developed a wealth-building goal -- such as debt repayment, an emergency fund, homeownership, or retirement savings -- and a simple plan to achieve this goal;
- Wealth Coaches to assist Savers in the selection of this goal and plan;
- Certified Financial Planners who can provide more detailed planning information to Savers;
- No- or low-balance savings accounts at local banks and credit unions so Savers avoid costly fees;
- Wealth-building Clubs for those who wish to participate in a group that learns about and supports wealth-building; and
- Savers with a subscription to the quarterly American Saver newsletter.

### **CFA Conferences**

The CFA sponsors important annual consumer conferences. Its Consumer Assembly is the nation's largest annual conference that addresses consumer issues and priorities and exchanges views between participants and leaders from government, business, the press, and academia. CFA's Financial Services Conference has been held annually for two decades. It provides a forum for consumer leaders, industry representatives, regulators, legislators, and the press to discuss investment, banking, insurance, and housing issues.

While many consumer organizations and institutes are struggling or have closed, the Consumer Federation of America remains a vibrant informational resource, research producer, and advocacy voice for American consumers.

### **AARP**

AARP is a non-partisan, non-profit membership organization for individuals 50 and over. The AARP Foundation is AARP's charity which focuses on programs for those at social or economic risk. AARP Services, Inc. is AARP's wholly owned taxable subsidiary. AARP Services manages the relationships with AARP's endorsed providers who offer members affordable and quality products and services. Headquartered in Washington, DC, AARP is also located in each state, the District of Columbia, Puerto Rico, and the Virgin Islands. It has over 2,500 local chapters.

## **AARP Financial Education Resources**

A major website section is *Money and Work*. It includes an online seminar on identity theft, money management skills quiz, retirement savings and reverse mortgage information, key questions to ask in starting a business and an Issues Blog. The blog helps members stay current on the latest developments of a wide range of topics. Additional financial education information is integrated into other AARP website sections.

## **Woodstock Institute**

Woodstock Institute was founded as a nonprofit organization in 1973 by the philanthropist Sylvia Scheinfeld with a group of Chicago-based civil rights leaders, community development practitioners and academics. Its partners include community organizations, local and national economic justice coalitions, academics, policy makers, financial institutions, and foundations. Its mission is to research, develop and promote ways to bring economic resources to lower-income and minority families and communities and to promote community reinvestment and economic development in low and minority communities.

The Woodstock Institute has:

- Brought national attention to the problem of predatory mortgage lending by producing the first empirical research on the scope of the problem;
- Played a major role in the increase in minority and lower-income homeownership in the 1990s;
- Convened the largest and most active regional CRA coalition in the country, which negotiated path breaking CRA agreements with local banks;
- Changed the national debate on whether regular credit unions serve low-income people by producing the first public, empirical study of their record;
- Persuaded local and national banks to change their products, programs, and service areas to better serve low-income people via advocacy and regulatory action;
- Documented the role of community development financial institutions in serving underserved populations;
- Provided technical assistance to many community development organizations, financial institutions, municipalities, and others;
- Demonstrated the continued disparate treatment faced by minority small business owners in financing their businesses.

Woodstock works locally, nationally, and internationally to further its mission. One example of a national project was its “Tools for Survival: An Analysis of Financial Literacy Programs for Lower-Income Families”, completed in 2000. One of the

report's unique aspects is its discussion of the financial management challenges of lower-income families, such as reduced access to basic financial services, difficulties in saving and building assets, predatory lending, and credit card use and debt. This analysis concluded that

*“ current financial education programs reach a small fraction of the population of lower-income people. While the variety of training programs currently offered could be improved in a number of ways, the greater challenge is to figure out how to reach significantly more people with more substantive training.”*

While much of Woodstock Institute's research data are collected in Chicago, the implications are applicable to many large cities. It recently reported on the devastating impact foreclosures have on Chicago neighborhood property values, especially in the sub-prime mortgage market serving lower-income neighborhoods. This research has immediate application for other cities and the nation as a whole.

Woodstock recently developed a “Woodstock Institute Blog” for community organizations and credit unions to share partnership experiences ([www.woodstockinst.org/blog](http://www.woodstockinst.org/blog)). Mainstream credit unions seeking to partner with community organizations as a means to increase lower income membership and better serve people of modest means can now communicate by posting best practices, partnership inquiries, or comments on credit union products for emerging markets. It is part of a broader effort to promote communication and mutual problem solving for communities and credit unions.

A second locally focused project with broader applications is Woodstock Institute's annual Chicago Community Lending Fact Book. The Institute recently released its 20<sup>th</sup> edition.

Since 1986, The Community Lending Fact Book has helped bridge the gap between the needs of the community and the resources of financial institutions and serves as a practical reference for home mortgage lending statistics for community organizations, policymakers, regulators, and financial institutions.

These four organizations, CES, CFA, AARP and Woodstock Institute, are representative of numerous other consumer affairs and financial education oriented organizations that provide extensive consumer and financial information, education, research and advocacy for American consumers.

## CHAPTER FOUR WORKPLACE FINANCIAL EDUCATION

Employer-sponsored financial education for employees began in the 1980s and typically was offered to employees about to retire from the workforce. The primary goal of these programs was to help employees identify income sources and budget for life after retirement, so they could project and plan for a workable retirement date. A few programs addressed pre-retirement concerns, including health, housing, life adjustments, and other non-financial and financial issues such as estate planning. The emphasis, however, was on the employee's projected cash flow in retirement and on future distributions from defined benefit retirement plans<sup>2</sup>.

The shift to defined contribution plans,<sup>3</sup> or 401(k) type plans, stimulated employer-sponsored education for younger employees. Since employees assumed more responsibility for retirement investment decisions under these plans, some leading employers recognized the need to equip employees with tools and resources to meet these new responsibilities.<sup>27</sup>

A number of studies report the beneficial results to employers offering financial education to workers. Research in 1996,<sup>28</sup> 2000,<sup>29</sup> and 2005<sup>30</sup> indicates that employer-based financial education is associated with significantly higher rates of 401(k) participation and employee satisfaction. Hira and Loibl suggested, in their 2005 research, that the effect appears to be particularly strong for non-highly compensated employees. Research conducted by KPMG demonstrated that 77 percent of lower-paid employees participated in 401(k) plans in companies that offered educational seminars as compared to 33 percent in companies where no education was offered.<sup>31</sup>

An important change since 2000 is the number of education companies and networks of skilled financial professionals available to teach financial education in the workplace. Along with the national network of Certified Public Accountants who volunteer in local communities, there are also networks of Certified Financial Planners, organizations of financial counselors and advisors, and some newer financial education companies and organizations available to create and teach personal financial education programs tailored for firms and organizations that wish to offer programs to employees.

In 2005, Haiyang Chen and Ronald P. Volpe<sup>32</sup> reported the results of their survey of

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<sup>2</sup> Defined Benefit Plans are employer-sponsored, formula-driven retirement plans that employers provide to employees. They promise a fixed amount of pension benefit upon an employee's retirement. No contributions are made by employees.

<sup>3</sup> Defined Contribution Plans are employer-sponsored retirement savings programs that do not guarantee a fixed amount of pension benefit when an employee retires. Rather they promise a specified contribution will be made in an account into which an employee also makes contributions. Consequently, the responsibility for accumulating a pension benefit under a defined contribution plan rests primarily with the employee.

human resource and benefits administrators in connection with concerns such as the importance of various personal finance topics and the most effective approach to improve employee's financial literacy in the workplace. A main finding of their study was that personal financial planning topics, in particular "retirement planning" and "personal finance basics," were mentioned by respondents as the first and second most important out of eight topic areas, (including company benefits planning, which ranked fourth) for employees to know. The study also revealed that benefits administrators believe the most effective way of improving employee financial literacy in the workplace is to outsource education programs to financial professionals. In addition to providing answers to survey questions, respondents offered these recommendations for companies and financial professionals that provide (or would like to provide) workplace financial education:

- Get organized. Inquiries from individual financial planners or brokers should be coordinated into planned programs and activities.
- Know your audience. "Our workforce is 90 percent hourly plant workers and they don't trust "suits" or experts who tell them things they don't understand."
- Program materials should be tailored to the needs of the audience depending on their stage in the financial life cycle.
- Get employees motivated. "You can lead a horse to water...but you have to help employees understand the earlier they learn about finances, the better off they will be later."
- The pedagogy used needs to be improved—this is especially true for planners who are not trained to teach.
- Be timely and regular. Employee financial education should be provided on a regular and timely basis; not just during a quarterly or annual review. Reinforcement is a great tool for employee learning.

### **Do Employers Benefit by Offering Financial Education to Employees?**

Employers have a greater stake in promoting savings and retirement planning than ever before. With the shift to defined-contribution plans, such as 401(k) type plans, more of the responsibility for retirement saving and investment is falling upon workers. In addition, according to the EBRI-Greenwald Associates Retirement Confidence Survey, workers are more likely to save through the workplace than on their own.

Consequently, some experts suggest that employers who educate their workers about basic finances, and encourage them to sign up for employer-sponsored retirement

plans, may be the most successful in attracting and retaining future workers. Since demographic and workforce experts are predicting a high chance of a looming labor shortage in coming years,<sup>33</sup> employers who make financial education and worker's future financial security a priority may have an edge. When the strategic focus of employers is on recruiting, retaining, and motivating their workforce, financial education for employees is supported by management.

Today, however, most employer-sponsored education is narrowly focused on benefits, particularly on investing in 401(k) or other defined contribution plans. This raises financial concerns among employees, ranging from long-term needs for retirement security to day-to-day anxieties about making ends meet.<sup>34</sup> Workers need a financial security roadmap in order to build the resources they will need for retirement.

In the face of reductions in Social Security, Medicare, pensions and retiree health insurance, most workers, at the very least, need to know more about saving and investing and how to make savings last during a longer later life. Savings in the U.S. has plummeted since 1970 and rates are not currently recovering. Government statistics indicate that the national savings rate was only 1.4 percent in 2004, among the lowest in the developed world. A quarter of Americans are doing better than this number suggests, but the remaining three-quarters need help in planning for future financial security<sup>4</sup>.

Consider these findings from EBRI's annual *Retirement Confidence Survey (RCS)*:

- The majority of workers (55 percent) believe they are behind schedule when it comes to planning and saving for retirement.
- Almost 70 percent of workers have saved for retirement, but many have saved less than \$25,000.
- Sixty-eight percent of today's workers are skeptical that Social Security will be able to provide them benefits of at least equal value to those current retirees receive.
- Doing a retirement savings calculation can have a positive impact on the way a person saves or plans for retirement, but only about 40 percent of workers have taken this important step.

### **Why Should Employers Care?**

In our earlier study, we stated that workplace financial education is the most important arena for reaching the most people. Research showing that the rewards of employer-sponsored financial education are numerous for both employer and employee is accumulating. A 2004 Ernst & Young LLP survey of large employers, conducted with the assistance of ExecuNet, assessed whether and how companies were measuring the success of their employee financial education programs.

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<sup>4</sup> [www.saveforyourfuture.org/asec/index.cfm?fa=about](http://www.saveforyourfuture.org/asec/index.cfm?fa=about)

Firms and plan sponsors have an obligation to provide financial education in conjunction with their retirement plans, argues Bill Arnone, an expert in employer-sponsored financial education at Ernst & Young.<sup>35</sup> Their responsibility includes helping employees develop new competencies or enhancing whatever existing competencies they already have in order to make decisions and take action that improves their long-term financial well-being. Most employer-sponsored financial education today, however, is benefits driven. Only a few firms and plan sponsors' education efforts go beyond explanations and printed materials in connection with how benefits work.

Ernst & Young study results indicated that employers benefit (1) from increased employee satisfaction rates, (2) by establishing themselves as employers of choice, (3) by improving the return on their investment in benefits and compensation, and (4) by facilitating financially secure retired workers, which in turn helps them with attrition and workforce planning. In addition, more than half of employers surveyed in the Ernst & Young study indicated that financial education improves employee productivity by reducing financial stress. Three-quarters of all employers surveyed agreed that their companies provide financial education to employees to manage the risk of potential fiduciary liability as a plan sponsor.

A majority of the responses indicated an increase or change in employee 401(k) deposits below 5 percent. This suggests that traditional education programs are not having the type of success that will yield a return on the employers' investments in such programs. *When programs include personalized assistance, however, the impact on employee behavior is significantly greater.* Changes in contribution rates jumped to 16 percent and to 20 percent.

Employers that encourage employees to ensure a comfortable, happy retirement in the future by adopting healthy behaviors now could see substantial reductions in health care costs, according to Watson Wyatt research. Steve Vernon of Watson Wyatt believes that employers should work to understand retirement-related concerns and help employees plan accordingly. He also wants employers to consider designing financial education programs that also encourage good health for financial reasons.

As increasing numbers of companies switch from defined-benefit to defined-contribution plans and Social Security benefits remain uncertain, the amount of savings and other income available to maintain well-being during later life depends upon an informed citizenry. The societal message is clear: financial security in later life will increasingly become the responsibility of the individual.

Some companies are deciding that it is neither possible, nor prudent business, to move away from involvement in the future economic security of their employees. Among these are two that we profiled in *Personal Finance and the Rush to Competence: Financial Literacy Education in the U.S.* As part of the research we

conducted for this study, we revisited one of them, the Weyerhaeuser Company, and talked to program managers and employees who participated in financial education programs.

## **Weyerhaeuser Company**

Weyerhaeuser is an international forest products company with corporate headquarters in Federal Way, Washington. Weyerhaeuser's vision is to be the best forest products company in the world, and it has made a commitment to the well being of its employees, customers and shareholders, and to the communities where it conducts business. In 2004, Weyerhaeuser Company had 55,000 employees in the United States and Canada. Of this number, 20,000 are salaried and 35,000 are production (hourly) workers. The average age of workers is 42 years and the average tenure with the company is 14 years.

### ***Current Workplace Financial Education Programs***

Weyerhaeuser Company has offered pre-retirement planning education to both salaried and hourly employees since 1984. The pre-retirement education workshops are positioned with the Employee Benefits Group within the Employee Relations Department. Personal financial education and financial planning education are embedded within these programs and are a major component. The Weyerhaeuser Retirement and Life Planning Program Coordinator is a full-time position. All programs conducted at headquarters and at field locations, and details including scheduling, promotion, registration, speakers, room arrangements, refreshments and duplication of program materials are arranged by the Coordinator who also facilitates most of the programs and presents the portions of the material not covered by guest speakers.

The Program Coordinator reports to the Retirement and Life Planning Program Manager, and they work closely in program planning and implementing program revisions. Both facilitate programs conducted at Weyerhaeuser headquarters and at field locations.

Weyerhaeuser currently offers four retirement and life planning programs that feature personal financial education and financial planning education: Life Planning 101; Investing in Your Future; Healthy, Wealthy, Wise; and the field location version of Investing in Your Future.

In addition, WebCast On-Line Learning web presentations are offered on selected benefits topics. Participants need a computer, a web connection with at least 56k speed and a telephone line. Webcasts may be attended individually or projected for a larger group.

Two types of Webcasts are offered monthly: (1) New Hire Webcasts with time for questions and answers cover all salaried benefits and are useful for new hires or as a refresher for veteran employees. (2) Benefits Webcasts are focused on a particular

topic, with time for questions and answers. Topics may include: Pensions, 401(k); WellPower/Health; Health Insurance; Social Security; Maximizing Benefits; Decisions and timeline for Retirement.

### **Life Planning 101**

“Life Planning 101” is designed for employees under forty years old. It features three half-day programs: 1) Financial Planning; 2) Retirement Planning, and 3) Estate Planning. These half-day sessions are offered on a rotating basis every month, so that each topic is offered four times a year. Employees can register for all three programs or any subset, and they do not have to be taken in any particular sequence.

This three-session program is presented at Weyerhaeuser by local professionals. Teaching methods include lecture and group discussion. Presenters are not compensated and are not allowed to solicit business from program participants. However, employees who attend the programs are free to contact the speakers if they desire. These programs are available to all employees, and those who choose to attend are usually given release time with pay.

### **Investing in Your Future**

“Investing in Your Future” is a one-day program designed for employees 40-50 years old. In addition to the topics included in Life Planning 101, this program addresses the topics of health and wellness, Social Security and long-term care. Some of the topics are covered by local professionals, while others are covered by the Weyerhaeuser program facilitator.

This program is offered to all employees every other month (six times a year) at Weyerhaeuser headquarters. As with Life Planning 101, lecture and group discussion are the main teaching methods used. Guest speakers are not compensated and are not free to solicit. Employees who choose to attend this class are given release time with pay.

### **Healthy, Wealthy, Wise**

“Healthy, Wealthy, Wise” is considered the premier program in the retirement and life planning program lineup. This is a two-and-one-half day program conducted at headquarters and designed for employees 50 years of age and older. It is also open to employees at field locations. Off-site employees who choose to attend may be given time off with pay and reimbursement for the cost of transportation to headquarters. Program materials are placed in a large three-ring binder with dividers and distributed to participants. In addition to some supplemental materials, there is a section for each financial topic presented in the program: Weyerhaeuser Benefits, Financial Planning, Estate Planning and Social Security. Healthy, Wealthy, Wise also emphasizes the importance of non-financial issues in preparing for retirement. Each program begins on a Wednesday evening with a light dinner catered by Weyerhaeuser food service. The facilitator starts the program by asking participants

to introduce themselves and state what they look forward to most and least about retirement. Comments are recorded on flip charts and referred to frequently by participants and presenters throughout the course of the two and one-half day program. This period of interaction is followed by a guest speaker who discusses concepts of aging, change, transitions, attitudes, role identity and successful retirement.

Program facilitators present other non-financial topics, such as health and wellness, potential housing and location changes, and life satisfaction. Inclusion of these topics brings personal relevancy to financial topics and provides a context for setting meaningful financial goals. Materials include information and exercises divided into six learning modules: Pilot Chance, Produce Balance, Probe Assets, Pursue Meaning, Prosper in Living and Plan with Purpose. Selected pages and exercises from each module are sent to the participants a few weeks prior to the program as “pre-work.” During the program, the pre-work is discussed and portions of the other material are integrated into the schedule.

Financial topics are usually presented by guest speakers, and all speakers are carefully screened. To ensure top quality presentations and the availability of favorite presenters, some speakers receive compensation. Weyerhaeuser Benefits is usually presented by a representative from the Pension and Benefits Department

In addition to lecture and small group discussion, the Healthy, Wealthy, Wise program employs a wide variety of teaching methods. The workbook is utilized throughout the program and referred to often. Some exercises are conducted in small groups using techniques like role play and scenario planning. Several of the other exercises prompt introspection and are completed individually.

### **Investing in Your Future (field location program)**

Though it shares the same name as the headquarters program for 40-50 year olds, this version is presented in field locations throughout the United States and Canada. The content is similar to the Healthy, Wealthy, Wise program, but breadth and depth of coverage are reduced due to time constraints. It is open to all ages, but if capacity is an issue, older employees are given preference.

Whenever possible, these field locations programs are offered during workday hours, the same as those conducted at headquarters. However, the special circumstances of each site are taken into consideration, and programs can be scheduled for evenings and/or weekends when necessary. Local professionals are utilized as guest speakers when possible, though the screening and selection process is more difficult when programs are conducted in remote locations.

### ***Factors Associated with Program Success***

The retirement and life planning programs continue to benefit from strong management support and program directors enjoy independence in determining the

program budget, scope and content. Even during periods of downsizing, these programs survived and grew. Few resource challenges were noted.

Programs are offered frequently at headquarters and in at least 12 field locations every year. The program reached 1,000 employees per year in 2000; today it reaches 5,000 employees annually, and the Weyerhaeuser program manager and coordinator continually are engaged in finding ways to increase outreach. Besides program delivery at worksites, they are considering the expanded use of technology and printed materials to educate greater numbers of employees and to reinforce learning that has already occurred.

Since 2000, Weyerhaeuser, and its employee benefits provider, Vanguard, have created extensive web-based resources for employees, although not all employees are computer literate or have access to computers, especially in the field. For employees who do have access, resources are available both through Weyerhaeuser and through Vanguard.

Weyerhaeuser, in addition, conducts periodic WebCasts for new hires and on special topics such as “Understanding Your Pension” and “Maximizing Your 401(k).” Vanguard also conducts employee seminars related to company benefits and makes financial education topics available on-line to Weyerhaeuser employees.

### **Participant Satisfaction**

Ratings on participant evaluation forms are consistently high. Weyerhaeuser employees have a high regard for the education they receive, and employees often choose to attend because of the programs’ outstanding reputation. We conducted two focus groups with employees who had participated in financial education workshops. The following comment was typical of the gratitude expressed by members of both groups.

*Boy, I sent a thank-you email to Steve Hilliard and my boss for allowing me to take the time, to Sally and to Andy for their expertise, and I just thanked them all for the opportunity. It made me feel that Weyerhaeuser cared about our future.*

Several reported that the courses increased their level of confidence and gave them clear financial planning guidelines. Others reported feeling affirmed that their own financial planning efforts were “on track.” Employee participants reported that they valued the program workbook and other materials and were still referring to them several weeks or months after attending the workshops. Participants also commented on the quality of the guest speakers.

*I think the quality and caliber of the people, the guest speakers that they chose, was very instrumental in providing such a wonderful overall program. They had great examples, brought the subject matter down to earth, and they were very knowledgeable in their field.*

In addition, many who attended the Healthy, Wealthy, Wise program specifically expressed appreciation for the non-financial issues that were discussed. Overall, our impressions of the Weyerhaeuser programs and their acceptance by employees who attended the educational offerings remain little changed from 2000, when we featured this company for its effective strategies in a more lengthy profile.

## **United Parcel Service**

United Parcel Service (UPS), headquartered in Atlanta, is the world's largest package delivery company and a global leader in supply chain services. UPS has more than 357,000 employees worldwide with more than 300,000 in the United States.

UPS launched its financial education program in January 2000. Those eligible for this opportunity include full-time managers, specialists and union-free administrative employees. Employees are allowed to attend on company time. Program goals are to increase 401(k) participation, to improve Employee Relations Index, and to promote UPS as a great employer.

UPS has partnered with Price Waterhouse Coopers (PWC) to help provide basic financial education for its employees. The program consists of four components: instructor-led workshops titled "Plan for Today and Plan for Tomorrow," UPS-specific educational software; a financial counseling help line staffed by PWC; and access to the PWC online financial campus.

The instructor-led workshops, topics include an overview of financial planning process, 401(k) plans and IRAs, stock ownership, investment planning, taxes, insurance basics, retirement planning, estate planning, and life events. All presentations are specifically tailored to incorporate UPS benefit plan design into the sessions.

Additional company-specific education and modeling tools are available online for the UPS retirement plan, the UPS 401(k) plan, and healthcare plans. In addition UPS annually provides a total compensation statement that incorporates and advertises all these resources for UPS employees to utilize. The results have reportedly been very positive.

Employees have access to the "Financial Campus," an Internet-based service available 24 hours a day, that allows them to develop a personal financial action plan and gives them access to courses, worksheets, a library of articles and calculators needed to address their financial planning issues. Another feature of the UPS financial education program is the "Financial Education Software" that helps employees budget money, reduce debt, calculate benefits from the UPS Retirement Plan, plan for specific goals, and learn about topics such as saving, investing, insurance and wills.

In short, the program utilizes a mix of communication methodologies and media all reinforcing the same messages. Throughout the program, detailed benefits information is integrated with financial planning principles to demonstrate how UPS benefits fit into each employee's personal financial future. Employees are encouraged to save more, to invest appropriately, and to better understand and appreciate company benefits.

## **History of the Program**

In the past several years, employees have experienced many changes at UPS including the public stock offering in November, 1999. Historically, UPS provided pre-retirement planning assistance to employees approaching retirement on an ad hoc basis. UPS recognized the need for employees of all ages to receive financial education, to better understand how to best utilize their benefits, and to be motivated to save and invest. UPS, however, wanted to provide meaningful financial education to employees of all ages and to demonstrate that the company cares about their financial well-being.

The Compensation Manager and Project Director, said the reason for establishing the program was because "*it was the right thing to do.*" He also related that the biggest challenge to determining the feasibility of the program was developing topics and materials that were understandable to all employees—young and old and newly hired to senior management. He worked with PricewaterhouseCoopers (PwC) to design the program, develop the materials, and train the instructors. Pilots were conducted to finalize the design and materials.

## **Current Program Performance**

The current UPS program was presented by the Corporate Compensation Manager of UPS at a meeting hosted in January, 2005 by the U.S. Department of the Treasury Financial Literacy and Education Commission (Commission). The presentation illustrated a successful non-financial services private sector workplace financial education program to Commission members. The following remarks were made by the Corporate Compensation Manager to describe the purposes behind the UPS decision to make workplace employee education available:

*The traditional approach would have been to put together presentations focused exclusively on company benefits and how to enroll in them. This sort of approach does nothing to provide a framework for analysis and decision-making for very different employee situations. A second traditional alternative to the tell-me-what-to-do request from employees would be to suggest they find a financial advisor and wash our hands of any obligation and, at the same time, any fiduciary liability. Neither adequately addressed the fundamental need: providing a background to where our people feel*

*more comfortable in their own ability to make increasingly sophisticated decisions regarding their financial future. We also came to the conclusion that people that are economically secure in their own lives are more productive employees.*

The UPS program continues to demonstrate that financial education is a valued employee benefit. The program and campaign indicates that UPS cares about its employees. The UPS example also underscores the principle that financial education not only benefits employees, but benefits the company as well through increased employee productivity, improved employee morale, and increased understanding of company benefits.

### **The United States Military**

The U.S. Military has a long record of experience in providing personal financial management education to its members. The Army established one of the earliest programs in the mid 1960's in response to the needs of its service personnel and the results of congressional hearings. The Air Force initiated a program in the early 1980's and the Navy and Marine Corps followed with programs in the 1990's. All branches of the military, with the involvement of the leadership at the Department of Defense have been consistently reappraising and upgrading their financial education and counseling programs.

The need for personal financial education and counseling for U.S. military personnel is dramatic. New recruits often enter the military right out of school with little "real life" financial experience. Enlisted personnel are targets for predatory sales and loan practices. Families of military personnel must manage and maintain households on tight budgets, often with one partner away from home for months at a time. Commanding officers are confronted with overwhelming numbers of requests for financial hardship compensation, credit problems at base stores and frequent calls from creditors in the community all of which take up valuable time and impair the command's deployment readiness.

According to the Naval Activities Spain (NAVACTS) ombudsman, the service helps Sailors with everyday issues, from dealing with deployments to financial matters, relocation, education, relationships and health. Navy One Source can be accessed online or by calling a toll free telephone number. The service is delivered by Ceridian LifeWorks Services, a leading provider of "workplace effectiveness services." Ceridian, Corporation, a leading information services company in the human resource, retail and transportation markets has partnered with many companies including the military to develop a wide range of assistance and training programs for employees and management.

All branches of the U.S. Military have experienced consolidation of financial education programs and increased dependence upon Internet advice and education. One example of the positive use of this medium is the Navy One Source, an online resource for Sailors. Navy One Source is intended to help service members who are away from their home installations, do not have time to get on base, or may need support services after hours or on weekends. (See Chapter Seven for Financial Education Online Resources for the U.S. Military and other available Websites.)

The Department of Defense policies and strategic planning are being implemented to help service members of all branches of the U.S. Military be more financially competent and aware consumers. In addition to Internet education and personal counseling assistance, these include:

- Efforts are underway to help service members become aware of available financial resources and assistance, and to help them avoid predatory lenders and vendors.
- Financial educators conducting courses or seminars for service members must sign an agreement not to solicit or sell them products or services.
- Professional financial counseling help must be available at every installation.
- Financial education and assistance is being tracked to determine that “works,” so periodic improvements can be made.
- Consumer protection is being upgraded through partnerships with Better Business Bureaus in commercial establishments near military installations.
- Interventions are being offered with financial planners and credit counselors when necessary or desirable.

### ***The United States Army***

According to the Director of Army Financial Readiness Program, customer records revealed that soldiers’ total indebtedness in 1999 was nearly \$37 million. The Consumer Affairs & Financial Assistance Program (CAFAP) offers services which helped reduce soldiers’ debt by more than \$11 million by spring 2002. Created in reaction to leaders’ responsibility to guide soldiers through financial difficulty, CAFAP has evolved into a program that cultivates soldiers’ economic stability and growth. It helps soldiers and their families achieve successful economic lifestyles by providing financial advice and information, and counselors are available to provide debt-liquidation services. In spite of the program’s effectiveness, no increases in funding for financial education have been made since 2000. The program is now challenged to keep staffing rates up and get information to families more effectively, especially to help activated reservists. One-third of activated reservists had higher civilian pay and managing with reduced resources is a difficult program for these reservists.

The Army uses a “life cycle” approach to personal financial education. Training ranges from entry level for first-term soldiers to senior level financial planning classes. Under the Army Community Services, the CAFAP offers training for

soldiers and their spouses in money management, proper use of credit, financial planning for deployment, transition, relocation and a debt liquidation program to help soldiers to gain stable, manageable financial positions. Courses providing tax, investment, retirement planning and other transitional issues are available as all military personnel will inevitably leave the service and return to civilian life. CAFAP is piloting the “America Saves” program at selected installations as the Army Saves program. CAFAP is also collaborating with the Better Opportunities for Single Soldiers (BOSS) programs to stimulate saving competition among BOSS chapters with prizes. It is also currently building programs with children’s organizations, including 4-H, the NEFE High School Financial Education program, and the Children’s Financial Network.

CAFAP has also initiated a partnership with the U.S. Better Business Bureau. The BBB Military Line provides a website where soldiers can get information file consumer complaints with the FTC as well as formal education materials and instructors for Financial Readiness training and workshops.

## **Army Personal Financial Readiness Training**

The Army Personal Financial Readiness Training is an eight-lesson, eight-hour program that includes budgeting, investing, and making large purchases. The training takes place during Basic Training (2 hours), AIT (Advanced Individual Training) (2 hours), and First Permanent Duty Station (first duty station) (4 hours). These trainings are required for almost all soldiers. Some soldiers take the training online due to other obligations. CAFAP counselors offer workshops open to all soldiers and their spouses at their installation on an ongoing basis. Also included in CAFAP is the debt liquidation program, designed to help soldiers to arrange to pay off their debts.

### ***Program Challenges***

The Financial Readiness program has been able to maintain the same level of assistance since 2000. The program's current challenge is how to effectively help the increasing number of families of deployed soldiers which necessitates much more emphasis on family deployment needs and issues, including addressing the growing number of Army Emergency Relief requests.

Educating new, young soldiers within the framework of war preparation is a major challenge. Whereas personal financial education had been included as a requirement for all new recruits in 2000, preparation for combat now takes priority.

Notwithstanding the challenges the Army Financial Readiness Program maintains its goals:

- To help families prevent financial difficulties before they arise.
- To provide soldiers with a practical approach to financial management so they can gain control over their finances and manage their money more effectively.
- To provide soldiers and their families tools to wisely manage their money and to make informed purchasing decisions
- To teach soldiers their rights as consumers.
- To instruct soldiers and their families on procedures used in businesses, business transactions they should stay away from, and how to know when they are being taken advantage of.

### ***CAFAP On-Line***

CAFAP is transferring educational materials to the Army Community Services website ([www.goasc.org](http://www.goasc.org)), including information on saving, living within a budget, and preparing for the future through investing; financial calculators; and an online training center. Financial information is also available at [myarmylifetoo.com](http://myarmylifetoo.com). It is also in the process of making all training and information available on the web.

Skilled counselors (many of whom are Accredited Financial Counselors) help soldiers and their spouses:

- Establish budgets
- Work with creditors
- Provide tax, investment and consumer information
- File consumer complaints
- Gather information on local consumer laws.

The Consumer Affairs and Financial Assistance Program (CAFAP) offers a wide range of services to assist soldiers and their families with their financial and consumer affairs. Emphasis is placed upon the training portion of the program designed to educate soldiers and their spouses in money management, proper use of credit, financial planning, deployment, transition and relocation, insurance, and check writing principles.

### **The United States Navy**

The Navy's new Quality of Life website: [www.lifelines4qol.org](http://www.lifelines4qol.org) exemplifies the effort and creativity invested by the military in their personal financial education programs. The "shopping mall"-style website delivers, among many, many programs, a complete inventory of the Navy's financial education programs with topics ranging from how to buy a car, understanding the military pay system, saving and investing, to information on consumer rights and obligations. The site includes course materials, which can be downloaded, interactive games and calculators, and links to services. It is comprehensive and user-friendly, making financial literacy information available to the widest possible audience.

## **CHAPTER FIVE COMMUNITY AND FAITH-BASED FINANCIAL EDUCATION PROGRAMS**

Community and faith-based organizations continue to provide the most comfortable financial education settings for many people. Especially in underserved populations, these organizations offer hope, motivation, and asset building programs that can provide individuals and families with stability and some protection against an uncertain future.

A particular strength of community programs is their capacity for developing dynamic partnerships at the local level. In part, this is a necessary reality for local programs who could not survive without the patchwork of support they create through combining grants, donations, business partners and volunteers. A community-based organization, by definition, is a constituent of the participant's everyday environment and is in touch with the economic, cultural and ethnic diversity of the service populations.

The community and faith-based organizations we interviewed share many goals and often work with interchangeable populations. They also have a deep sense of commitment to the people with whom they work. Most interweave the personal financial education they offer with housing, job training, life skills, youth outreach, asset building or other such programs. For these organizations, personal financial education is an essential step toward achieving the broader goals that make up the organizations' missions. These range from personal economic empowerment, stable families, increased self-sufficiency, helping recent immigrants and refugees settle into American society, faith-centered stewardship of personal resources, and revitalized communities.

*I just spent, spent, spent. When I got my check, I just spent, you know—pay my bills, pay my rent and I didn't think. I was illiterate, and I learned a lot through this program...when you get your check, leave something in there...save money.*

### **Asset Building and IDA Programs**

Individual Development Accounts (IDAs) are special, restricted savings accounts designed to help people acquire assets for self-sufficiency and long-term financial security. Account holders' savings are matched as they save for homeownership or home repair, education, small business capitalization, or, in some cases, vehicles for transportation to employment and even technology. Community and faith-based IDA programs mandate personal financial education as an integral element.

Funding for IDAs can come from public, non-profit, and/or private sources. In October, 1998, the Assets for Independence Act (AFIA), a five-year, \$125 million federal IDA demonstration program was signed into law. The number of IDA

programs grew from three programs in 1996 to over 500 by the end of 2003. Personal Financial education has grown along with IDA programs.

### ***IDAs and Personal Financial Education***

The Center for Social Development (CSD) founding director Michael Sherradan suggests in *Assets and the Poor*, (published by ME Sharpe Inc. in 1991) that savings and asset accumulation can be structured with built-in incentives for lower-income people and that the ownership of assets may have a wide range of positive psychological, social and economic impacts (in addition to deferred consumption). Financial literacy courses, an essential element in most asset-development/IDA programs emphasize basic budgeting, reducing debt, accumulating savings, and setting and achieving financial goals. Education about credit repair, expenditure reduction, taking advantage of the Earned Income Tax Credit, avoiding predatory lenders, and accessing financial services helps program participants to reach savings goals and to integrate themselves into the mainstream economic system. These programs and strategies are tracking substantial changes in debt and savings levels over time.

### ***Corporation for Enterprise Development (CFED)***

Two nationally recognized organizations committed to developing and furthering the use of asset development strategies are Corporation for Enterprise Development (CFED) and the Center for Social Development (CSD). CFED has been a leader in economic development for over twenty years. The Corporation has collaborated with diverse partners at the national, regional, state and local levels in the area of advocacy, new project development and research concerning economic development, especially asset building programs.

CFED also sponsors an online information exchange site, IDAnetwork, which provides contacts, development and training information for organizations involved in asset development. CFED, the [National Endowment for Financial Education](#) (NEFE), and the [Fannie Mae Foundation](#) have recently collaborated to provide the growing IDA field with resources and tools for comprehensive personal financial education. The IDA Financial Literacy Initiative includes a Facilitator's Guide and Participant Workbook grounded in asset-building principles.

### ***Center for Social Development (CSD)***

The Center for Social Development (CSD) is a unit of the George Warren Brown School of Social Work at Washington University in St. Louis, Missouri. The Center began in 1994 with Michael Sherraden as the founding director. CSD publishes a working paper series and research reports, and co-sponsors an interdisciplinary Seminar on Work, Families, and Public Policy at Washington University. One of CSD's four major areas of concentration is supporting research and advocacy for asset building programs. The Center has produced many reports, research studies and members have testified about asset building programs in Congressional hearings.

## **State IDAs**

State IDA coalitions have also formed. Since 1993, 29 states and the District of Columbia have passed laws to support IDAs, 32 states have included IDAs in their welfare reform plans, and 7 states have created state-supported IDA initiatives by administrative action. States have begun to allocate resources for IDA programs as part of their welfare-to-work activities, and the financial community, particularly commercial banks and credit unions, are becoming active in IDA initiatives as well.

### **Michigan IDA Partnership**

The Michigan IDA Partnership (MIDAP) was created by the Michigan Family Independence Agency (FIA) and the Council of Michigan Foundations (CMF) to be a national model in assisting low-income families in their efforts to become self-reliant. In 2001, the Michigan IDA Partnership received funding to develop Michigan Regional IDA programs. The group proposed the establishment of 1,500-2,000 IDA accounts in 3-5 years.

As of May 2005, the program has more than 50 program sites with 1,600 IDA Accounts available - more than any other state. Over 500 participating households have successfully completed the program and made asset investments (323 homes purchased, 108 education account uses, and 71 small business investments). Through the Michigan IDA program, \$28 million in mortgage financing has been leveraged. At the legislative level, although currently in a period of state budget stress, the Michigan Legislature continues to strongly support the program. The state legislators voted to provide a line item appropriation of an additional \$200,000 to support IDAs in Michigan in the 2005-06 state budget.

At the Michigan Conference on Affordable Housing, the Community Economic Development Association of Michigan (CEDAM) and (MIDAP) announced the creation of the Asset Building Coalition (ABC). The coalition will create new policy options with the greatest potential to help working poor households become more financially secure through asset building opportunities.

### **The New York Association for New Americans (NYANA)**

For over fifty years, NYANA has helped arriving New Americans settle in the U.S. Since 2000, the Office of Refugee Resettlement (ORR), U.S. Department of Health and Human Services has funded NYANA's IDA program to help refugee and immigrant populations understand the basics of U.S. financial culture and society. The New York Association for New Americans' (NYANA) Individual Development Account Program for Refugees is a matched savings program, currently in its sixth year of operation and is the largest IDA program in New York State. The program offers participants a total savings match of up to \$2,000 per individual or \$4,000 per family to be used for acquiring an asset – home purchase or repair, small business start up, education funds.

From the program's inception in 1999 to March of 2005, nearly 800 participants had opened saving accounts and 729 participants had collectively saved over \$3 million. The program is funded in part by ORR as a demonstration project. Most participants meet their savings goals in two to three years. According to the NYANA program manager:

*Our participants in the program have no trouble saving. They arrive here with a strong desire to find work, learn, save, and settle into their new life in the U.S., and they work very hard at doing just that.*

Citigroup has partnered with NYANA by providing free banking services to program participants. Additionally, Citigroup volunteers provide instructors for the program's series of two, three-hour personal financial education workshops "Basics of Money and Assets". As well as this required course, NYANA offers first time homebuyer seminars, one-on-one career counseling and a micro enterprise development program to participants.

The success of the NYANA program can be credited both to the financial education, individual support and cultural sensitivity of the organization and to the motivation provided by the program's unique opportunity for building wealth and the enthusiasm of new Americans who typically exceed the program's minimum matching requirement to become viable members of their new homeland.

### **The YWCA of Greater Pittsburgh<sup>36</sup>**

The YWCA of Greater Pittsburgh has a notable background in asset development programs having participated in the \$125 million AFIA demonstration project. The YWCA's first IDA program was a homeownership project involving three partner organizations: the YWCA of Greater Pittsburgh, the Housing Authority of the City of Pittsburgh (HACP), and Dollar Bank.

### ***Family Savings Account (FSA) Program***

The YWCA also administers a local Family Savings Account (FSA) Program. FSA is a state funded, federally matched IDA program administered through the Pennsylvania Department of Community and Economic Development (DCED). FSA matches the savings of Pennsylvania families whose incomes are up to 200% of the federal poverty level. Savings are used for the purchase of a home, for higher education for participants or their children, day care during job training, and micro-enterprise business development.

## ***The Financial Empowerment Series***

The Family Savings Accounts program was already being administered under the YWCA's Asset Development Program when the four part *Financial Empowerment* series was added in the fall of 2003 with the encouragement and support of a grant from the Heinz Endowments' Child, Youth and Families Program. Nearly a year of research and planning went into designing the personal financial education program. The YWCA staff started with an in-depth look at other area programs to determine what was being offered and where the gaps were. They also reviewed existing personal financial education materials and tailored a program that would meet the needs of their participants while filling the gaps perceived in other area programs.

### **Literacy vs. Empowerment**

The name of the program reflects responses from YWCA clients who felt that the term "financial literacy" implied that they were lacking in some way, but that "financial empowerment" implied the more positive image of taking charge of one's life.

*... They hated financial literacy because it implied that they were illiterate ... that's why all of ours are called financial empowerment... that's what they really liked and responded to ... for us, it's trying to shift that mentality around to address things from a more positive angle... something that will speak to people and respond to the real needs that they feel they have*

Currently, the program is available to all members of the community and has been designed to be used with culturally diverse populations. The original target group was the agency's clients - low income, working families and single mothers. There is a small fee for the series, but families who are part of the Family Savings Account Program are required to attend and do not pay. Child care is provided and light snacks are available for participants.

The series is presented in four parts:

- "Making the Commitment to Your Future" examines beliefs about money, introduces potential gains from regular savings, teaches account options, and help participants develop a personal financial plan.
- Finding the Money to Save: Setting and Keeping a Budget" teaches strategies for tracking money, making better spending choices, finding money to save, and creating a debt reduction plan.
- "Understanding Credit and Credit Repair" teaches participants how to read credit reports, recognize and correct errors, understand credit scores, and restore good credit.

- “Avoiding Predatory Lending and Financial Scams” teaches participants how to recognize financial scams, avoid identity theft, and employ fraud protections.

Most participants attend all four sessions.

*... I mean, I learned more than I thought I would. I think as far as the classes, they were four weeks – every Monday for four classes.*

Some of the presentations are given by professionals from partner organizations, most often community development officers from local banks and financial institutions. The program’s goal is to complement the asset building programs of the YWCA by teaching the basics of personal finance. Expectations were for up to 20 participants per series. Although attendance was low at first, there is now an average of 22-24 attending each series, and the series is offered every 6 weeks in two YWCA locations.

As the program has gained recognition in the community, the YWCA has received requests for “train the trainer” sessions for staff of other organizations. Some social workers and YWCA employees have also taken the series. Follow-up, evaluation, and further education efforts are contemplated by program administrators to provide assistance, education and support over a longer time, especially one-on-one counseling. One administrator stated:

*...we've learned...that they do want more hands-on. They probably would like to have a one-on-one consultation because ... it's so overwhelming. It's not that they need heavy duty financial planning but they need somebody to help them really look at their individual planning.*

This desire for more individualized information and support is echoed by participants:

*I wish I could have held onto this a little bit longer...If I could have gotten another month of those Mondays and four more classes, I think I would have made a tremendous leap.*

Another participant stated:

*...it's good to have the financial courses, but there should be a period down the line where you sort of regroup and really discuss what are the next steps, or what other directions can you go. I think that's very important.*

And another:

*... I agree with we should definitely have a follow up, like maybe a six-month or year follow up to say, “What have you done? What have you learned? What have you applied to your life?”*

Part of the YWCA program's success reflects the strength of community programs in general – the community networking and trust built up among participants as they join in group discussions and learn together in a familiar, safe, and supportive environment. Not only has the program successfully changed participant's attitudes and behaviors, but it has increased their interest and desire for more knowledge.

### Women's Programs<sup>37</sup>

Designers of financial education programs for women indicate that women are more likely to ask questions, share experiences and concerns, and learn more effectively when classes are "women only". For program managers of the YWCA of Greater Pittsburgh, the *Financial Empowerment* Series was effective in part because the all-women format generated an atmosphere of safety where participants could open up and share with each other in a way that supported their learning:

*...I suspect women, as we do with most things, tend to just kind of keep things close to the chest...there's a lot of shame for a lot of women about their financial situation and you know we take on the responsibility for all of that stuff just kind of silently.*

Women are targeted separately because they tend to be vulnerable when facing welfare-to-work program requirements, divorce, domestic violence, widowhood, retirement, and child and eldercare responsibilities. They are more likely to: work part-time; work for minimum wage; and, drop out of the work force for periods of time to care for family members. The generational impact of providing financial education to women is also a strong argument for women-focused programs.

*I have two daughters, and I just want to be able to ... be a role model for them so that they'll understand how to – you know, see mommy going to work every day and what I'm doing with the money, paying the bills, saving, and trying to give myself and my girls a good start...*

Personal financial education programs for women and girls are available through traditional organizations like the YWCA, the Girls Scouts of America and Girls, Inc. Financial education is available for women in both non-profit and government arenas. Organizations including The Women's Institute for Secure Retirement (WISER), the U.S. Department of Labor Women's Bureau, the [National Center on Women and Aging](#), the U.S. Small Business Administrations' Women's Business Center, the Social Security Administrations Online for Women, the National Coalition of Girls Schools and the National Center for Women and Retirement Research all offer personal financial education and information.

## Women's Institute for Financial Education (WIFE)

WIFE offers two main programs, the Second Saturday Workshops and *Money Clubs*. Second Saturday Workshops are structured as ½ day seminars where women learn about divorce, from financial and legal matters to social and emotional issues. This is the 17<sup>th</sup> year of the program. In 1998, the WIFE website debuted, and the program founders began receiving emails from women saying they did not understand how personal finance knowledge applied to them. The same message was coming from women at Second Saturday Workshops and presentations. In response, they created a vehicle that was simple and straightforward. It could be used to learn about money management and why it was so important for women. In March, 2003 *Money Clubs* went online at the WIFE website.

### *Money Clubs*

The *Money Clubs* mission is to empower women to deal more effectively with money by providing the information and support women need to set their own financial course. This is carried out through a national network of small home-based clubs where women gather, share information, and learn to change their financial attitudes and behaviors using a combination of inspirational aides (“Money Attraction Affirmations”) and instructional materials about basic personal finance.

There are now 150 formally organized *Money Clubs*, and 20,000 individuals have signed up in-person or online. Half of those currently signed up are between 25 and 49 years of age, and the majority of others are 50 or older. Women are encouraged to set up *Money Clubs* locally. There is also an online *Money Club*.

### Faith-Based Initiatives

The two perspectives that are unique to faith-based initiatives are:

- (1) The emphasis placed on “stewardship” – the responsible use of resources and,
- (2) The “transformational” power of the program mission—to transform the participant’s attitudes in order to achieve success.

Faith-based programs generally follow one of two approaches in their programs. Some, like Crown Financial Ministries and the Rainbow/PUSH Coalition programs described in this section are developed specifically for members of a particular denomination or faith group and are offered within the church community with a clear biblical message.

Other faith-based programs are sponsored, initiated or developed by faith-based organizations for the benefit of the greater community, most often to assist lower income or disadvantaged groups. Several programs which demonstrate this approach

are also briefly profiled: Jewish Families and Children's Services of Pittsburgh<sup>38</sup>, Goodcity Chicago, and Building United of Southwestern Pennsylvania.<sup>39</sup>.

These programs may contain no specific references to religious principals in their educational materials, but it is the commitment to these principles nevertheless that is the motivation to initiate and provide the program. These organizations often create partnerships with other community and business groups that have no faith affiliation. Although establishing a personal financial education program is a "call of faith" these organizations do not restrict their program to members of their faith, nor do they infuse their materials with faith language or references in all cases.

### ***Crown Financial Ministries***

Crown Ministries was founded in 1985 and provided Christian-based personal financial education to churches through small study groups in many parts of the country and the world. Christian Financial Concepts (CFC) founded in 1976 promoted financial education in a seminar format and on a radio talk show. By 2000, "Money Matters" was broadcast on 1,500 radio stations in 138 localities. The show has a 24 hour call-in line where listeners can call in questions and the show (as well as archived shows) can be downloaded from the organization's website.

In September 2000, Crown Ministries and Christian Financial Concepts merged to create Crown Financial Ministries (CFM). CFM is now an international non-denominational Christian organization that teaches "God's biblical principles of finances to people around the world." CFM offers personal financial education, courses for church administrators, owners of small businesses and families. CFM promotes biblical principals of financial stewardship and responsible giving through its radio programs, church-led [small group programs](#), [newsletter](#), and [products](#), including workbooks and software.

The Ministry also offers training for one-on-one budget coaching. Coaches are trained and certified through the churches. They are part of a network which can be contacted through the CFM State and City Directors and can meet with church members needing one-on-one counseling or outside the church with those in "crisis". Coaches, trainers, group leaders and area directors are all volunteers.

CFM also markets a "workshop in a box" a financial program for use by small groups and a "Getting Out of Debt" program. Also planned is an online chat room for budget coaching. Programs like CFM reach thousands of people. They are promoted in churches and in the Christian and mainline media.

### ***Rainbow/PUSH Coalition – One Thousand Churches Connected***

African-American churches often initiate programs in response to the needs of their congregations and communities. The One Thousand Churches Connected Program, an initiative of the Rainbow/PUSH Coalition, seeks to create a network in the

African-American Christian Churches for teaching personal financial education and economic development. Rainbow/PUSH founder and CEO, the Rev. Jesse L. Jackson refers to the “*final movement in the Freedom Symphony*” as the “*quest for equal economic opportunity and shared economic security*”.

As one respondent put it, “*debt is the last area of bondage*” for African-Americans. The One Thousand Churches Connected program advocates personal financial education to eliminate debt, promote responsible credit use, acquire assets, especially homeownership and investments, protect assets and make better use of available technology.

The pastors of these churches are encouraged to teach financial stewardship from the pulpit, in Sunday school classes and in church sponsored seminars. The program includes a twelve month implementation plan to educate the pastor, engage the congregation and provide classes and class materials.

### ***Jewish Families & Children’s Service of Pittsburgh***<sup>40</sup>

Established in 1937, Jewish Families & Children’s Services of Pittsburgh (JF&CS) serve children, families and adults from every segment of the Greater Pittsburgh Community in need of psychological, employment or social services. Although a faith-based organization, JF&CS functions as a nonsectarian organization and serves the entire community. The organization puts its mission of maintaining and strengthening family life first and offers programs and services that meet the changing needs of a dynamic community population. With more than 30 programs, JF&CS touches the lives of at least 5,000 people each year.

### **Career Development and “Finance Matters”**

The JF&CS maintains a Career Development Center (CDC) which provides training and counseling for individuals in transition-seeking employment after lay-off or job termination. It also offers school-to-work transitional services for young adults entering the job market. The CDC offers a new program, *Finance Matters*, a training program aimed at providing participants with the skills necessary to make informed financial decisions. The program was initiated as part of a three-month pilot with the Three Rivers Workforce Investment Board and the Pennsylvania CareerLink System. Several personal financial education websites are offered at the CDC to meet the diverse needs of participants. A CDC administrator described the value of this program as follows:

*Helping our clients beyond just finding a job is a huge part of our role... We can help clients with what is often their second biggest concern after finding employment, finances.*

## Goodcity Chicago

Goodcity Chicago (formerly the MidAmerica Leadership Foundation) is a social action entity of The Christian Reformed Church. Its MidAmerica Foundation had a long tradition of ministry in urban communities, and we were fortunate to have visited MidAmerica and to interview participants in a personal financial education program for our 2000 study.

While Goodcity's identity remains rooted in its faith orientation, (their original curriculum, *Faith to Finance* was sponsored by Christian Reformed World Relief Committee), the organization's over-arching mission is service to the wider community. Although early on some sites asked it to strip the faith out of the program for delivery to some of its participants, when the faith element is included, we were told, it is transformational:

*Our journey to financial security requires that we learn tools and approaches to get financial control of our lives...On this journey, we need encouragement to provide for others by not only tithing but recognizing all that God has given us.*

Its partnerships with secular public and private organizations led to the development of a number of culturally sensitive additions to the original training materials. Basic financial concepts, customs and realities, relevant to African-Americans, Latinos, Asian-Americans, Native-Americans, farmers, and women, have been integrated into the educational materials. Islamic economic ideas have been sensitively integrated into an Islamic-specific curriculum as well.

GoodCity's partnerships continued to expand—they now work about 50-50 with faith-based and non faith-based groups. They have added *All My Money*, a financial management curriculum developed by the Cooperative Extension Service, University of Illinois, for use in some of their personal financial education classes.

The personal financial education curriculum was first launched in May 1999 as part of the Community and Economic Development (CED) initiative, an asset-building program for low-income individuals. The organization pooled financial resources from other foundations and local businesses, to enlist the support of a bank, and to reach out to church and community leaders.

The CED program directed recruitment efforts at under-employed, low-wage residents of sections of Chicago's inner city who were interested in participating in an Individual Development Account (IDA) program. As a requirement of that program, participants attend a one-year-long personal financial education course.

## **Refugee IDA Initiative**

In 2000, Goodcity initiated a 5 year refugee IDA program funded by Fannie Mae Foundation and World Relief which will end in September 2005. At the outset, the organization anticipated serving 30 to 50 families, currently there are 120 refugee participants in the asset-building program. Most have used their matched accounts to purchase vehicles, capitalize a small business or purchase computer systems or purchase/renovate a home. Goodcity has also worked with other refugee programs to train them in financial education for their clients by partnering/mentoring over several years.

## **Asset Builders Community Development Corporation**

In November of 2004, the CED program was established as a Community Development Corporation- Asset Builders CDC. The organization's primary focus remains personal financial education and growing their IDA programs. The new independent status allows them to partner in new ways with other organizations. To date CED has served some 800 individuals, 545 of whom have been in an IDA program.

### ***A New Approach to Home Buying Assistance***

Program administrators are refocusing their IDA education programs to use a "case management" style. When participants enter the program they will be "pre-qualified" and an action plan developed based on the individual's situation. With a CDC counselor, the participant's goals will be assessed in order to determine what they need to do, what they can afford, and where the gaps in funding may be. Assistance in locating potential homes to purchase is also now part of the program.

This is especially important in home buying. Previously individuals were pretty much on their own after they completed the IDA savings program. They were given some contact information but expected to search for a home to purchase on their own. With home prices rising quickly in many Chicago neighborhoods, GoodCity and the newly formed CDC are developing a more creative and active partnership with banks, businesses and other non-profits to help people become home buyers and further the program's goals.

## **Building United of Southwest Pennsylvania<sup>41</sup>**

Building United (BUSP) was started specifically to meet the need for affordable homeownership in the Pittsburgh area. The organization has partnered with financial institutions, foundations, consumer credit counseling organizations, neighborhood housing services, and a mortgage banking firm to purchase property, build homes and prepare low-and-moderate income residents of at-risk neighborhoods for homeownership.

The organization has a three pronged approach to achieving its goal:

- Credit repair and counseling
- Personal Financial education
- First time homeownership

### ***FaithSaves***

Although saving goals are important and necessary, BUSP's director believed it was crucial to offer more to participants:

*We found out that one of the things that wasn't happening was, people needed to be educated and we wanted--we thought it was important for us to provide the financial literacy to educate them.*

### ***More Than Saving***

The FaithSaves program, first offered in 2003, is an adaptation of the Consumer Federation of America's successful AmericaSaves Program. Building United's program director soon saw that encouraging saving was only part of what was needed to prepare participants for homeownership,

*...You need to understand the consequences of your behavior and the benefits of certain behaviors. So we've really started emphasizing the fact that we needed to take time to educate ... for people to understand if you're trying to buy a house, if you're trying to get your money in order, there are some things you should do and shouldn't do. Compound interest, investments, how to balance a checkbook, how to make a budget.*

An expanded curriculum was added to the FaithSaves program and offered at both church and community settings. Partnerships with a national mortgage company and local consumer services and others have provided trainers and expert knowledge and materials for the program.

Although some problems were identified at start up, Building United has progressed and has added more content to its financial education program. They have also implemented more follow-up and one-on-one counseling services to help potential homeowners and others with specific credit issues and to track savings progress.

The program's original goals included reaching at least 150 churches with the FaithSaves program in the first two years. Currently approximately 245 individuals and families are participating in the savings program. Program staff reports that the average individual savings amount is higher for participants in the Building United program than the Pittsburgh area average. "*Relationship is the motivator*", says BUSP's Director, "*and faith.*"

Community and faith-based personal financial education programs remain important points of contact for improving the lives of many Americans. Through the partnerships and coalitions formed by these programs they are able to reach people who would not otherwise have access to the knowledge and empowerment that comes with attaining personal financial skills. More importantly, in underserved populations, these organizations offer inspiration, motivation and emotional support. These are often necessary ingredients for the quality of learning that leads to feelings of increased opportunity and personal efficacy.

## CHAPTER SIX

# FINANCIAL EDUCATION FOR YOUTH AND YOUNG ADULTS

In many important ways, today's teens are remarkably sophisticated and ready for their adult roles in our Information Age. Many young people can surf the Internet with ease, have skills that prepare them for college and the workplace, and are active consumers. But in one important area – personal finance – America's 72 million youth appear surprisingly ill-prepared to manage their personal finance and economic well-being:

- 2004 JumpStart Coalition of Personal Financial Literacy national biennial survey measured over 4,000 12<sup>th</sup> graders' knowledge of personal finance basics. The average score was 52.3 % and 65.6% failed.
- Recently completed Test of Economics and Personal Finance Knowledge commissioned by the National Council on Economic Education found that high school students scored 53% correct on a 24-question quiz and 60% of the students got a failing grade.
- Teenage Research Unlimited reported that the approximately 32 million U.S. teens (ages 12-19) spent an average of over \$104/week in 2001 and in 2002 this age group spent a total of \$172 billion
- According to Robert Manning, author of "Credit Card Nation", the fastest growing group of bankruptcy filers is people 25 and younger.

Why are so many students graduating from high school as financial illiterates? Several factors contribute to this dismal situation. In far too many families, children are not taught personal finance concepts. The focus in most state education systems on state standards and benchmarks in the core subjects leaves little room for inclusion of other life skills such as personal financial education. In fact in some states, property values are affected by the average state test scores in the local school district! Thus, one of the few viable ways to get personal financial education into classrooms is to infuse financial education concepts into core subjects. However, no model for infusing personal finance concepts and materials is broadly known or used by teachers. Much more teacher training is needed to strengthen their knowledge and build their confidence to integrate personal finance concepts into their K-12 classrooms.

There is no longer a scarcity of personal finance education materials for teachers to use. The JumpStart Coalition's Personal Finance Clearinghouse has over 600 personal finance education materials entries. This chapter highlights several organizations that have developed important student materials for grades K through 12. They are representative of the many other organizations that developed those 600 Clearinghouse entries.

## ***The Federal Reserve System***

The Federal Reserve Board and the Education Departments of the twelve district Federal Reserve Banks are committed to economic and personal finance education. As Federal Reserve Board of Governors Chairman Greenspan said, *"No matter who you are, making informed decisions about what to do with your money will help build a more stable financial future for you and your family"*.

These two groups have each developed numerous financial and economic instructional materials and tools for K-12 teachers to use in their classrooms. Both also have excellent websites ([www.federalreserve.gov/consumers.htm](http://www.federalreserve.gov/consumers.htm) and [www.federalreserveeducation.org](http://www.federalreserveeducation.org)) where teachers and consumers can download or get ordering information about these instructional resources. All of the Federal Reserve websites, curriculum, newsletters, booklets, and other resources are free.

## ***Federal Reserve Education Website***

The Federal Reserve Education website includes numerous links to instructional materials and tools designed to increase people's understanding of the Federal Reserve, economics, and personal financial management. These publications are also excellent resources for economics, government, and financial education classroom teachers. The site lists many resources developed both by Federal Reserve Banks and other groups divided into the following categories:

- Publications and videos
- Online learning
- Federal Reserve Bank websites
- Resources and research
- Other economic education websites

This website has a "Personal Financial Education" section that presents extensive lists of resources on these financial management topics:

- Consumer Banking
- Consumer Protection
- Economics
- Home Ownership and Mortgages
- Interest Rates.

The site also has a Teacher Resources section that includes Education Search Tool, Programs and Activities, and Related Websites.

## ***Federal Reserve Board Website***

The Federal Reserve Board Website includes a “Consumer Information” section that is further divided into subject areas:

- Bank Accounts and Services
- Consumer Credit
- Identity Theft
- Leasing
- Mortgages
- Personal Finance.

Each of these subject areas has numerous publications that can be downloaded.

## ***The United States Mint***

The United States Mint was created by Congress in 1792 and has been under the auspices of the Treasurer of the United States within the Department of Treasury since 1981. The primary mission of the United States Mint is to produce an adequate volume of circulating coinage for the nation to conduct its trade and commerce.

The Mint’s website has an excellent educational resource called the h.i.p. Pocket Change. While it includes lesson plans and other resources for K-12 classrooms, there is a special emphasis on grades K-6. All of the lessons are ready for use in the classroom, and are complete with reproducible graphics and numerous handouts. In the Lesson Plan Library, users can search numerous lesson plans submitted by teachers by content area, grade level, and content standards.

Another very useful section of h.i.p. Pocket Change is the “Coin Curricula” that has lesson plans for the commonly carried coins. These are particularly useful in early elementary classrooms.

Other cross-curriculum teacher resources include:

- Financial literacy – resources to help students learn money management
- “State Quarter Day in the Classroom” – classroom ideas and information about each state as that state’s quarter is released
- “The Teacher’s Network – online information exchange for teachers
- “What’s New for You” – monthly update on new website content created for teachers
- Lesson Plans – coin-centric lesson plans that can be used in teaching Social Studies, Language Arts, Math, and Science standards
- Lesson plans and ideas developed and contributed by classroom teachers

- “WebQuests” – introduces students to Internet research in an online game-like program

## **National Council on Economic Education (NCEE)**

The National Council on Economic Education was founded in 1949 as a non-profit organization dedicated to improving economic literacy. It is a partnership of business, education, and labor. The founders saw a gap between what students were being taught about economics and what they needed to know to be effective consumers and citizens. To rectify this problem, NCEE developed and applied a four-pronged approach. NCEE built a network of 49 state Councils and 250 university-based Centers for Economic Education to position NCEE as a primary resource for teachers. Secondly, it established extensive curriculum programs that equip teachers with tools to teach economics and to help students apply their knowledge in their daily lives. Personal finance was added to the curriculum in 2001 with the introduction of the K-12 “Financial Fitness for Life” program. The third aspect is research, and the fourth element is advocacy.

### ***Educational Programs and Resources***

NCEE and its network of Councils and Centers administers teacher training programs that annually reach over 120,000 teachers and over seven million students in more than 70,000 schools. Through grants from the U.S. Department of Education, NCEE has trained teachers in twenty Central and Eastern European countries and the former Soviet Union. They, in turn, have taught economic concepts to approximately 1.2 million students.

NCEE has developed a wide array of educational resources for teaching economics and personal finance:

- “Thinking Economics” – a technology-based economics program
- “EconEdLink” – website with more than 450 free economics and personal finance lessons to download
- Economics Challenge – national economics competition by school teams from across the country
- “Learning, Earning and Investing” – interactive website
- “Financial Fitness for Life” – personal finance K-12 curriculum
- “Mathematics & Economics” – curriculum that integrates economics into mathematics
- “Capstone” – 45 lessons to help students learn to apply economic reasoning to real-world subjects
- “AP Economics – helps teachers prepare students for the AP Economics exam
- “The Mint” – website to help parents and teachers teach children about sound money management and establish good money habits at home

- It All Adds Up” - fast-paced game designed to test your knowledge of investment options and the time value of money.
- “Economics International” – online free lessons on international economics

NCEE administers the “Excellence in Economic Education” program that is part of the “No Child Left Behind” legislation and began in 2004. It promotes economic and personal financial education among all students in kindergarten through grade 12. The legislation requires that 75 percent of the \$1.5 million authorized be distributed to State and local education organizations through a competitive grants program.

### **NCEE Research**

In the last fifty plus years, NCEE has commissioned numerous studies and surveys. Two of the most recent are the “Survey of the States: Economic and Personal Finance Education in Our Nation's Schools in 2004, A Report Card” and “What American Teens and Adults Know About Economics” (April, 2005).

The 2004 Report Card reported findings in economic and personal finance education. The key personal finance education findings highlight both the growth in personal finance education requirements by the states and the extensive work still to be done:

- 38 states report having personal finance state standards for schools
- 21 states require explicitly that standards be implemented and in two others implementation is implied through state testing
- 7 states make personal finance education a requirement for high school graduation (does not necessarily have to be a separate course)
- 9 states require testing in personal finance

The most recent NCEE research report is “What American Teens and Adults Know About Economics” was designed “to evaluate adult and student understanding of basic economics as outlined in the Voluntary National Content standards in Economics developed and published by the NCEE in 1997. Adults and students completed a 24-question quiz composed of 20 economics questions and four personal finance questions and demographic questions. Its key personal finance findings included:

- Only 50 percent of high school students indicated they had been taught any economics in school;
- Students who had been taught economics in school were more likely to get a passing grade on the quiz;
- 58 percent of the students knew that “The cost of borrowing money is the Annual Percentage Rate.”
- Few students (15%) knew that mutual funds provide more diversification than individual stocks.

## Advocacy

NCEE launched the Campaign for Economic Literacy to increase and extend economic literacy. It involves developing an action plan to mobilize its EconomicsAmerica (Councils and Centers) network, partners, and associates to marshal the resources necessary to make economics integral to the national education agenda.

## **Junior Achievement Worldwide (JA)**

Junior Achievement was started as a collection of small, after-school business clubs for students in Springfield, MA. The formal non-profit organization was established in 1919 to “educate and inspire young people to value free enterprise, business, and economics to improve the quality of their lives.” Its mission is “to ensure that every child has a fundamental understanding of the free enterprise system.” Currently JA has operations throughout the U.S. and in nearly 100 countries reaching approximately 6.6 million K-12 students worldwide.

## Educational Programs

The Junior Achievement website describes its classroom programs this way:

*Through age-appropriate curricula, Junior Achievement programs begin at the elementary school level, teaching children how they can impact the world around them as individuals, workers and consumers. Junior Achievement programs continue through the middle and high school grades, preparing students for future economic and workforce issues they'll face.*

All their programs utilize volunteers who participate in the classroom or as online resources for students and teachers.

JA classroom programs include:

- “JA Economics for Success – a middle school program that teaches students the importance of personal financial education and workforce readiness (2005).
- “Personal Finance” –a web-based program high school program with 16 activities on income, spending, credit, saving, investing, and risk management (2001).
- “Personal Economics” – a middle school program that helps students assess personal skills and interests, explore career options, explore value of an education, and learn about basic money management (1995).
- “Dollars & \$ense” – an after school experiential activities for 3-5 graders that teach personal finance and business skills focusing on earning, sharing, saving, and spending (2005).

JA has initiated a three-year strategy to research, develop, implement, and evaluate an experiential after-school curriculum for elementary, middle school, and high school students. The “Dollars & Sense” program is part of this initiative.

### **ABA Education Foundation (ABAEF)**

The ABA Education Foundation is a nearly eighty year old non-profit subsidiary of the American Bankers Association (ABA). The ABAEF is committed to developing and providing personal financial education programs for use in K-12 classrooms throughout the country. The foundation’s educational programs are delivered in the classrooms by a network of banker volunteers, banks, and state banking groups.

The ABA Education Foundation developed and leads two major education program initiatives and partners with other organizations for other initiatives.

### **Education Programs**

The ABAEF sponsors two national annual education programs that spotlight the need for financial education. They are the Teach Children to Save (TCTS) and the Get Smart About Credit Day (GSAC).

#### **Teach Children to Save (TCTS)**

The Teach Children to Save program has “real-life”, age appropriate lessons and activities about saving, how interest makes money grow, the difference between needs and wants, and the importance of budgeting.

The program’s development, administration, challenges and successes are representative of other education programs developed by similar organizations and provide insight into their commitment to personal financial education. Prior to 1996, ABAEF had lesson plans for teachers to use, but it realized most teachers were unaware of them. The foundation adapted and expanded the lesson plans to create the TCTS program.

ABAEF did not have a large budget for a major public awareness campaign when the program began so two ABA staff, who were also college students, developed a public awareness campaign as a class project. The campaign publicized the program to bankers through a newsletter and email bulletins, promoted the program to teachers at Jump\$tart Coalition meetings and through the Coalition’s Personal Finance Resources Clearinghouse.

Two major components of the program are the National Teach Children to Save Day (NTCSD) held annually in April and a Resource Kit used by bankers to teach in K-12 classrooms.

The criteria in developing the Resource Kit were that the materials:

- are easily usable by bankers in K-12 classrooms
- are useful to teachers and correlate with selected national standards and benchmarks
- help bankers to be informal and use appropriate language in the classroom
- are sensitive to varying income levels and cultural groups
- highlight the importance of providing financial education year-round.

The Resource Kit which originally focused on grades K-6 was later expanded to include grades 7-12. It is updated annually and is currently going through a major revision for the tenth anniversary of the program in 2006. The Kits were free to ABA member banks the first year, but printing and mailing costs have forced the foundation to charge a fee for the kits.

On NTCS D, thousands of bankers across America visit K-12 classrooms presenting the program using age appropriate concepts and activities . NTCS D also highlights the importance of providing financial education year-round.

The program initiated a “Let’s Do More in 2005” challenge to banks to increase their financial education efforts by 10 percent or more on National Teach Children to Save Day. Over 750 banks met or exceeded the challenge and, 5,000 bankers went into classrooms to teach 202,000 K-12 students. Since the first NTCTSD in 1997, over 20,000 bankers have reached 1.25 million students nationwide. Lessons from the Resource Kit are also taught by bankers throughout the school year.

The Teach Children to Save program has been successful according to ABAEF Assistant Director M. Kathryn Kelly. Kelly credits the strong support and involvement by bankers across the country for the program’s success . One banker’s response was,

*[We] used Teach Children to Save materials and found the program was well received and appreciated by the students and teachers....*

### **Get Smart About Credit**

The second education program developed by the foundation is Get Smart About Credit. Currently in its third year of operation, this program helps teens and young adults learn about credit. Bankers use the program’s Resource Kit to present the program in K-12 classrooms, especially on Get Smart About Credit Day on the third Thursday in October each year. The Resource Kit is purchased by local banks and includes a six-minute video, worksheets, and activities. It focuses on the importance of establishing good credit habits early, learning to use credit effectively, and identity theft information.

## **Money in Motion**

To complement its programs and further the banking industry's commitment to financial education, the ABA Education Foundation partners with individuals and organizations to offer solutions to the problem of financial illiteracy. The Foundation collaborated recently with Scholastic, Inc., the largest publisher of children's books, to develop the "Money in Motion" program. The program is a series of lessons to help teachers educate their grade 7-12 students on basic financial skills. It uses reproducible handouts and problem-solving exercises to teach:

- building a banking relationship;
- types of accounts offered by banks;
- differences between credit and debit cards;
- compound interest;
- what happens when a person writes a check.

"Money in Motion" lessons and handouts are available for download on the Scholastic website.

## **Securities Industry Foundation for Economic Education (SIFEE)**

The Securities Industry Foundation for Economic Education was established in 1976 as an affiliate of the Securities Industry Association. It is dedicated to developing and providing learning resources for investors of all ages, raising the level of investor awareness in the U.S., supporting research programs, and advocating the advancement of investor education through The Stock Market Game™ (SMG).

### ***The Stock Market Game™***

In 1977, the foundation developed The Stock Market Game™ as a simulation of Wall Street trading. The Game is offered in 4<sup>th</sup>-12<sup>th</sup> grade classrooms in Fall and Spring school terms in all 50 states and is available throughout the world via the Internet. The SMG program has been correlated to national voluntary standards in math, business education, and economics. Every year over 600,000 teams of three to five students each invest a hypothetical \$100,000 in common stocks on the New York and American Stock Exchanges and the NASDAQ Stock Market. Each team works interactively to research and choose the stocks and manage its portfolio. The teams whose portfolios are the largest at the end of the 10-week Game win large cash prizes and, in some cases, state prizes.

In most states, the Game is locally managed by the State Council within the National Council on Economic Education network. SIFEE provides technical and financial support, a wide variety of training and curriculum materials, and other assistance to teachers and students involved in the Game. Teams submit their transactions electronically each week to their state Council, and they receive from SIFEE weekly

reports of their portfolio highlighting their current holdings, brokerage commissions, margin interest and team ranking.

Most students initially know nothing about the stock market or what the game involves, but their interest is greatly heightened when they learn about the prizes. Teachers say The Stock Market Game™ is a very effective way to teach about the U.S. economy, current events, sharing, group cooperation and collaboration.

Responses of several Pennsylvania middle school students in a focus group support these points:

*That's when [they learned about prizes] everyone wanted to play the game*

*....in our group, someone would say we want to buy this stock. Well we all had to decide because it's all our money, so it was a team thing. Everyone had to decide on what to do.*

*Sometimes my mom, like when the stock market comes on the news, she'll ask me what it's about because she's never had that experience. And now that we've done it, it's easier for me to explain it to her.*

In addition, students thought the Game could be improved by making it longer than the present 10 weeks. These middle school students' teacher was also interviewed. Here are some of her comments and reactions:

*I've asked them at other times, let's look at current events, and it's always a moan and a groan. But when we started the stock market game, they were looking for those newspapers. They were reading the business section, and they wanted to see, you know, what's going on. They started on their own going to Internet sources and doing research on the companies. So they were extremely motivated.*

*They learned cooperation and trust. In a few instances, a child would make a trade without consulting his team members, and it didn't go down well. There was a lot to be learned, and not only about trust with that child who broke the trust, but a lesson in forgiveness too,*

The Stock Market Game™ is an excellent example of an effective interactive educational tool. The one concern voiced by some teachers and personal financial education specialists is that its structure promotes excessive risk-taking and trading rather than long-term investing principles.

## **BOYS AND GIRLS CLUBS OF AMERICA**

Boys and Girls Clubs of America had its genesis in 1860 when several citizens of Hartford, CT believed that boys who roamed the streets should have a positive alternative and formed the first Club. In 1906, the nationwide movement began when

53 member Clubs formed the Federated Boys Clubs of Boston. In 1931, the Boys Clubs Federation of America became Boys Clubs of America, and in 1990 changed its name to Boys and Girls Clubs of America. At that same time, the organization reached an agreement with the Girls Clubs of America that led to the latter group changing its name to Girls, Inc.

The mission of Boys and Girls Clubs is “to offer Club programs and services that promote and enhance the development of boys and girls by instilling a sense of competence, usefulness, belonging, and influence” within a safe and positive place to learn and grow.

The national Boys and Girls Clubs of America have developed, and individual Clubs use, more than twenty-five programs to carry out their mission. These include programs that have personal financial education components such as “Money Matters: Make It Count” and “Career Launch.”

### ***Money Matters: Make It Count***

Money Matters: Make It Count was designed to help teens (ages 13-18) expand their knowledge of money management and learn the skills that lead to financial independence and well-being. The program consists of five components:

- Teen Personal Finance Guide
- Program Facilitator’s Guide
- Money Matters Web site
- Schwab eEmployee Volunteer Program
- Money Matters Awards.

Through the volunteer component, Schwab employees volunteer their financial expertise to Club teens.

### ***CareerLaunch***

The CareerLaunch program is a career exploration and mentoring program for teens, ages 13-18, offered through the program website. At the website, teens can take an interest survey, explore careers. Club staff or volunteers can use the career planning and job skills activities in the Career Exploration Quick Reference Guide webpage. The CareerLaunch Portfolio contains a Teen Tips booklet with helpful interviewing and on-the-spot job training.

The “Goals for Growth” program teaches “tweens” ages 8-12 the skills for setting and achieving their own personal, education, and career goals. This process can be applied to and used to develop financial management goals.

Girls, Inc. also has a personal financial education program called the “Girls, Inc. Economic Literacy Program”. Its goals are to:

- enhance girls’ financial competence and confidence
- empower girls to recognize that they can exercise control over their financial future
- help girls develop skills needed to make informed decisions
- promote a sense of economic justice.

The program has four major components, each designed for a different age group:

- “She’s on the Money” (girls ages 6-8)
- “Dollars, Sense, and Me” (girls ages 9-11)
- “Equal Earners, Savvy Spenders” (girls ages 12-14)
- “Futures and Options” (girls ages 15-18).

The program materials include a facilitator’s guide that provides age-appropriate material through engaging activities. The girls learn broad economic concepts and personal finance skills. Age-appropriate skills include how to identify and count money, saving, investing, budgeting, taking informed financial risks, and preparing for rewarding careers. Participants also explore social issues such as equal pay for equal work. The program is used at the 72 Girls, Inc. affiliates across the country.

### **Credit Union National Association (CUNA)**

The Credit Union National Association was founded in 1934 as the not-for-profit national trade association serving state credit union leagues and individual credit unions across the country. In partnership with the state leagues, CUNA provides numerous services to credit unions, including representation at the federal level, business development, public relations, continuing professional education, and information and education over the lifecycle.

The Center for Personal Finance on the CUNA website offers numerous downloadable financial management resources for all age groups.

They include:

- Your Budget Blueprint
- Your College Savings Answers
- Your Path to Home Ownership
- Your Insurance Options
- Your Investment Choices
- Today’s Investor Quiz
- Today’s Lesson “How to Calculate an Expense Ratio”
- Buying, Selling and Trading
- Investing Basics
- Investment Analysis
- Investment Professionals

The CUNA website also has a selection of financial calculators.

### ***CUNA Youth Education***

CUNA's newest financial education program is "Thrive by Five: Teaching Your Preschooler About Spending and Saving". Financial education professionals are excited about this program. Other groups have developed excellent materials on specific topics. An example is The Mint's materials to teach children about coins. "Thrive by Five" is the first fully developed program designed specifically to teach preschoolers about spending and saving.

"Thrive by Five" is for parents to use to teach their preschoolers basic lessons about money and thus counter some of the destructive messages their children have learned from other sources, especially television commercials. The program offers activities and other resources for parents and other adults who want to encourage healthy attitudes about money in young children.

Activities include how to teach preschoolers:

- How to wait to spend money
- How to not lose money
- How to help with shopping
- About earning money
- About using money to buy something
- That when money is spent, it is gone
- That having fun does not have to cost money
- That gifts do not have to cost money

CUNA also has several other educational resources for elementary children, older youth and young adults.

- "Youth Financial Literacy: Preparing Youth for Financial Responsibility" – provides ideas for developing school financial curricula, building community awareness, and getting leaders involved; includes case studies of credit union youth programs and school presentations.
- "Best of Adventures in Savings! – Activity book for elementary students that promotes smart money choices through the "Credit Union Kids" and their pet, Cash Cow; includes comic strips, mazes, games, puzzles, word searches, and riddles.
- "Guide to Money: Getting a Good Start" – Booklet that provides information to help young people develop strong money management skills in the areas of saving and spending, checking accounts, borrowing, insurance basics and investing.

- “Save, Spend, & Share” – Coloring book for young children that is a fun way to introduce the concept of money and money management by using engaging animal characters.

## **Society for Financial Education and Professional Development**

The Society for Financial Education and Professional Development (SFEPD) is a not-for-profit organization established to enhance the level of financial and economic education of individuals and households, especially African Americans, in the United States and to promote professional development at the initial stage of career development and mid-level management. Initial funding was provided by its founder, Theodore Daniels, with additional support from Visa, Fannie Mae Foundation, Capital One, NASDAQ Foundation, State Farm Insurance, and ICI Education Foundation. Nevertheless, the Society’s major challenge is finding funding to sustain its programs..

SFEPD saw a need to increase personal finance knowledge in the African American community. The organization decided to focus on students at traditionally Black colleges and universities; to increase their knowledge and give them the confidence that they can achieve financial security. Students then can carry the information to their families, and that in turn, may increase personal financial knowledge in the broader African-American community. SFEPD carries out this mission primarily through its “Money Watch” program and secondarily through the “Credit Management” program.

### **“Money Watch” Program**

“Money Watch” is a seminar offered free of charge to traditionally Black colleges and universities. The schools are required to promote the seminars and make sure there is sufficient audience. Each seminar is 1 to 1.5 hours and is presented at a required event (courses, required assembly, lecture series, etc.). They are never presented with just a general student body invitation. A minimum of 50 students must attend. SFEPD’s goal is to have up to 100 at each seminar.

The seminar utilizes a PowerPoint presentation and participant activities. The format was designed using an “upside down” approach. The seminar starts with credit management, then moves to saving and investments and how to become a millionaire. Then after getting the students’ attention and showing them that successful financial management is possible, it introduces the basics of financial goal-setting and budgeting.

The “Money Watch” program is made possible through the involvement of dedicated professionals and partners. A team of five local professionals (CFP, CPA, RIA) is assigned to each college or university where they then develop a relationship with the administrators and lead the seminars.

SFEPD has also developed a partnership with the Investment Company Institute (ICI) Education Foundation to increase the program's visibility and outreach.. In the "Money Watch" program, presenters recommend that students use the ICI website and complete its "Investing for Success" education program.

In its first year (2001-2002 school year), "Money Watch" seminars were presented at 14 traditionally Black colleges and universities. During the 2004-2005 academic year, seminars were presented at over 50 colleges and universities. SFEPD hopes to extend the seminar program to all 118 traditionally Black colleges and universities during the 2006-2007 academic year.

In addition to evaluation forms completed at the end of each seminar, SFEPD staff members receive considerable positive anecdotal feedback from participants, their families, and faculty members about the impact of the seminars. The "Money Watch" program attributes its success to:

:

- good products and materials
- positive student response to the seminars
- support of faculty members who, believe that the program provides important and needed information to students.

SFEPD is now looking at the feasibility of tracking students who participate in the new student orientation seminars through their undergraduate degree program years in order to evaluate the long-term effectiveness of the program.

### ***"Credit Management"***

SFEPD offers the "Credit Management" seminar to the same traditionally Black colleges and universities where the "Money Watch" program is presented. Most colleges and universities have new student orientation programs and First Year Experiences programs structured as for-credit courses, seminar series, or online programs. The one-hour "Credit Management" seminar is presented in either a new student orientation format or as part of the First Year Experience.

## CHAPTER SEVEN THE INTERNET

One of the largest and most dramatic changes since the 2000 study is the widespread use of the Internet for financial information and education. The expansion of the Internet, how frequently we use and rely on it, and the myriad of ways we use it today were unfathomable to most of us in 2000, although there were many financial websites in our earlier study.

In 2005, financial services companies, financial education organizations, and many government departments and agencies have excellent websites. Most have “financial education” sections. In addition, Internet-based benefits education is commonly offered by employers.

A member of one of our focus groups at the Weyerhaeuser Corp made this comment concerning the programs on-line at that company:

*Sometimes the Web can be intimidating. How easy is it to find? How much time do I have? How many passwords? How many this and that? And I know it's a reality of our world, and I'm forcing myself to just like get over it. It's on the Web. It's available to you day and night, but it's a lot.*

The proliferation of financial education-related Internet websites, in itself, is a great improvement. We wonder, however, about its impact on the actual financial sophistication of users. One study, which examined the relationship of e-banking services and the extent to which families using Internet technology are better financial managers compared to those who do not. A significant but small positive effect for technology users was found. The question remains, however whether e-banking and other technological advantages of the Internet leads to better financial management, or whether good financial management practices lead to the adoption of Internet technologies.<sup>42</sup> Perhaps the effects are reciprocal, and we await more research in this important area.

As is well known, websites change frequently. Some of the websites featured in the 2000 report have experienced significant changes. Sometimes one website is subsumed into another, especially when the sponsoring companies merge. This happened when Steinroe Funds and Crabbe Huson Funds both merged with Columbia Funds, and their websites were absorbed into [www.columbiafunds.com](http://www.columbiafunds.com). When MPower was bought by Morningstar, [www.mpower.com](http://www.mpower.com) and an offshoot [www.401Kafe.com](http://www.401Kafe.com) closed. However, another offshoot [www.irajunction.com](http://www.irajunction.com) now functions independently.

Content may change significantly when the focus changes, or content is added or eliminated. For instance, in 2000 [www.columbiafunds.com](http://www.columbiafunds.com) had very little non-advertising oriented financial education. Today, it offers a considerable amount of

unbiased investment education, including short explanations of many aspects of investing, and planning calculators. The National Center for Financial Education website ([www.ncfe.org](http://www.ncfe.org)) is now the Springboard Non Profit Consumer Credit Management site. Its financial education courses are offered by Springboard in southern California. On-line information is limited to calculators, and FAQ's on a variety of topics. A home study course can be ordered at no cost. [www.womenswire.com](http://www.womenswire.com) is now iVillage which has no financial education section, only topical articles embedded in various sections of the website. Others, such as [www.ihatefinancialplanning.com](http://www.ihatefinancialplanning.com) and [www.buckinvestor.com](http://www.buckinvestor.com) have closed. A total of 20 from the 2000 list are closed and have been removed from our website list.

We reviewed approximately 280 websites, 150 from the earlier study and 130 new sites. The task was both daunting and exciting. Daunting because of the task's magnitude and exciting to see the changes, expansion, and advancements and to learn about new sites. If the website of a financial organization appeared to be biased towards financial services and/or products, or if it had a predominantly market orientation, it was not included in our list.

## Overview

The financial education aspects of some companies' websites are questionable because they are heavily marketing-tool oriented or the educational components are very hard to find within the marketing portions. While there is nothing wrong with these websites, they do not fit our criteria for financial education websites. An example of the former is [www.ameritrade.com](http://www.ameritrade.com) that has very little "investor education" and mainly markets Ameritrade's services. Consumers wanting to learn about personal finance will be disappointed with this type of website. While [www.wachovia.com](http://www.wachovia.com) has some impartial financial education, a consumer has to search the site rather extensively to get beyond the marketing aspects.

Today there are many excellent websites for financial information and education. These sites are clearly written, present unbiased, accurate information, and are easy to navigate. We highlight four outstanding websites sponsored by different types of organizations: American Institute of Certified Public Accountants (AICPA), Center for Financial Learning (CFL) Genworth Financial, the Jump\$tart Coalition for Personal Financial Literacy, and the Women's Institute for Financial Education.

We have also included in our overview a listing of Federal Government financial education on-line resources as published by the Office of Financial Education, U.S. Treasury Department.

## **AICPA**

[www.360financialliteracy.org](http://www.360financialliteracy.org)

The 360 Degrees of Financial Literacy website is sponsored by the AICPA, a professional association of Certified Public Accountants. It is designed for the general public, is comprehensive and offers general information for managing personal finances. The site does not recommend specific financial actions. Its major sections are Life Stages, Financial Topics, Financial Guidance Book, In Your State, Women, Related Links, and Ask The Money Dr.

The Life Stages, Financial Topics, and Women sections have multiple articles, tools (including calculators), and FAQs for each topic. The Life Stages addressed are: childhood, college, career, military and reserves, couples and marriage, parenthood, home ownership, entrepreneurs, life crisis, sandwich generation, and retirement. The Financial Topics section includes tax planning, business owner, education planning, estate planning, government benefits, investment planning, personal finance, protection planning, and retirement planning. The Women section presents information on getting started, building your career, planning for your future, growing your household, transitions and life changing events, and owning a business. While targeted toward women, these topics are also educational for men.

This site provides an excellent introduction to numerous personal finance topics. It is a good place to help consumers begin their journey toward personal financial competence.

## ***Center for Financial Learning***

[www.financiallearning.com](http://www.financiallearning.com)

The Center for Financial Learning, sponsored by Genworth Financial, is an example of a website sponsored by a financial products company. The site was developed solely to educate and inform adults on the financial matters that are important in their lives and to promote personal financial education. The Center's stated mission is "to be the most comprehensive source for personal finance information on the Internet". The center does not sell or promote specific Genworth financial products. In fact, the only way to learn about Genworth Financial products is to "opt in" at a few points deep inside the website. The site has five interactive centers – Protecting You and Your Family, Retirement and Investments, Building Wealth and Equity, Resource Center, and Financial Insights. Each section of each center is organized into Basics, Articles, Books, and Tools.

Calculators are popular and very useful resources found on many financial websites. These calculators provide rough analytical frameworks based on figures and

assumptions provided by the user. The results can be used as a starting point for decision-making. The Center for Financial Learning is representative of such sites. It has over 100 calculators organized into thirteen categories, including child expenses, life insurance, nursing home, and tax calculators.

### ***The Jump\$tart Coalition for Personal Financial Literacy***

[www.jumpstart.org](http://www.jumpstart.org)

Jump\$tart, a non-profit coalition of about 160 organizations and corporations (see Chapter 2), seeks to improve the personal financial knowledge of young adults. It evaluates students' financial knowledge, promotes the teaching of personal finance, and provides information about relevant personal finance educational tools and resources. Its website has a wealth of personal finance information and teacher resources.

One of the most useful components of the website for teachers is the Personal Finance Clearinghouse. It is one of the nation's largest inventory of personal finance educational resources. Users can search by subject category, grade level, and/or type of material. Other teacher resources on the website include the guest speaker program, information about teacher training programs, "12 Principles" Calendar, "Jump\$tart Update" newsletter, and links to Jump\$tart partner websites.

Three other parts of the website are broadly used. Personal finance education program developers and teachers very frequently correlate their curriculums and materials to the National Personal Finance Standards and Benchmarks, and state departments of education incorporate some of the standards into state standards and benchmarks. The executive summary of the biennial national survey of 12<sup>th</sup> graders' knowledge of personal finance is posted on the website and used widely by journalists and educators. Finally, information about federal and state financial education legislation and state coalition activities is provided in easily usable chart form.

### ***Women's Institute for Financial Education (WIFE)***

[www.wife.org](http://www.wife.org)

The WIFE website is an example of several sites devoted to women's financial interests and needs. It is sponsored by the Women's Institute for Financial Education, a non-profit organization dedicated to providing financial education to women in their quest for financial independence. This site is somewhat different from other financial education sites because it focuses specifically on women's financial situations, concerns, and attitudes. It helps women face their financial insecurities and make changes in their money behavior.

[www.wife.org](http://www.wife.org) has a colorful, jazzy homepage that leads readers to numerous educational pages. The main sections of this website, each of which has several sub-

sections, are Your Money, Investment and Saving, Retirement, Budgets and Planning, Tax Talk, Money Clubs, Family Matters, Features, Resource Center, Facts about Women, Do Something Financial Education curriculums (K-12), Financial Education Game, and e-newsletter. Readers can sign up for the WIFE e-newsletter and 21 Day Makeovers, learn about a Money Club in their area or how to start one, and learn about many personal finance topics.

The sites highlighted here represent only a few of the hundreds of sites containing financial education components. The summary in the 2000 study still applies to the Internet today. "It is the nature of the Internet to be in perpetual change ... so many of the sites we have mentioned may at some time be eliminated, changed or, as already noted, replaced as the technology of computer-based education improves. The Internet offers good opportunities for personal financial education for individuals who are motivated to make use of the available resources."

## **Financial Education On-Line Resources of the Federal Government**

### **Curricula and Programs**

#### [Building Wealth: A Beginner's Guide to Securing Your Financial Future](#)

Federal Reserve Bank of Dallas

"Building Wealth" helps individuals and families develop a plan for building personal wealth. The program presents an overview of personal wealth-building strategies that includes setting financial goals, seeking guidance, budgeting, saving and investing, and managing debt.

#### [Get the Facts: The SEC's Roadmap to Saving and Investing](#)

Securities and Exchange Commission, Office of Investor Education and Assistance  
The Securities and Exchange Commission (SEC) offers a web-based adult financial literacy curriculum entitled, "Get the Facts: The SEC's Roadmap to Saving and Investing," through its web site. The program provides basic instruction in saving and investing.

#### [H.I.P. Pocket Change](#)

Department of the Treasury, U.S. Mint

The United States Mint promotes financial literacy through various educational programs, including the 50 State Quarters® Program Lesson Plans for grades kindergarten through six. Materials can be accessed through the H.I.P. Pocket Change Web site for children and educators at [www.usmint.gov/kids](http://www.usmint.gov/kids). These programs incorporate basic financial education concepts.

#### [Money Math: Lessons for Life](#)

Department of the Treasury, Bureau of the Public Debt

The Bureau of the Public Debt offers a four-lesson curriculum supplement for middle school math classes entitled, "Money Math," using real-life examples from

personal finance. The 86-page book is a teacher's guide with lesson plans, reproducible activity pages, and teaching tips.

### [Money Smart](#)

Federal Deposit Insurance Corporation

The Federal Deposit Insurance Corporation (FDIC) developed the "Money Smart" curriculum to help adults enhance their money management skills, understand basic financial services offered by the financial mainstream and build their financial confidence to use banking services effectively. The "Money Smart" curriculum is comprised of ten comprehensive instructor-led modules covering basic financial topics including an introduction to bank services, tips on obtaining credit and buying a home.

### [Personal Finance Curriculum](#)

Federal Reserve Bank of Atlanta

As part of the Federal Reserve Bank of Atlanta's community relations program, a personal finance curriculum was developed and is being taught to middle-school students. Course objectives and materials are provided online.

### [Social Security and You](#)

Social Security Administration

The Social Security Administration (SSA) offers a curriculum program for grades 9 through 12 entitled, "Social Security and You," geared to the interest level of young people about to enter the workforce. SSA has also partnered with the American Savings Education Council to promote the "National Save for Your Future" Campaign.

### [Strengthening the Family in the 21st Century: Financial Security](#)

Department of Labor, Women's Bureau

The Women's Bureau is sponsoring a Financial Security Outreach Program that will help women across the country better understand the importance of financial security and how to achieve it. This financial outreach program is comprised of two projects. The Hispanic Financial Literacy Project ("Las Mujeres y el Dinero") is a series of 10 nation-wide financial education conferences designed for Hispanic women. "WISE UP" is an e-mentoring financial security and retirement savings demonstration project focused upon women 22-35 years old consisting of a curriculum accessible via the web and at selected institutions in six Women's Bureau regions.

### [Understanding Taxes](#)

Department of the Treasury, Internal Revenue Service

The Internal Revenue Service (IRS) has developed an interactive, instructional tax program called "Understanding Taxes" to provide high schools, community colleges, and the general public with a technology-based instructional tool. Divided into two areas of content (the "How's of Taxes" and the "Why's of Taxes"), the program offers both print and online materials to help you learn more about the history, theory, and application of taxes in the United States.

## **Other Initiatives and Resource Centers**

### [Department of Education](#)

The Department of Education facilitates dialogue on economic education and financial literacy in support of the goals of the "No Child Left Behind Act". The Department of Education also sponsored its first "Forum on Economic Education and Financial Literacy" in January 2003 to help educate departmental employees and outside guests about new developments in the field of financial education. The forum is part of the administration's ongoing effort to improve financial education among school-age children.

### [Federal Citizen Information Center](#)

General Services Administration

The General Services Administration distributes financial education materials developed throughout the Federal Government through its Federal Citizen Information Center. The center acts as a clearinghouse, distributing various consumer-oriented publications via its website and regular mail dealing with personal finance, money, credit, investing & saving, and retirement planning, among other topics.

### [Federal Reserve Bank of Chicago](#)

The Federal Reserve Bank of Chicago has developed several tools for managing money wisely. The website includes tips for setting financial goals, creating a budget, saving and effectively and spending wisely.

### [Financial Security in Later Life](#)

Department of Agriculture, Cooperative State Research, Education, and Extension Service

Financial security is the ability to meet future needs while keeping pace with day-to-day obligations. Preparing for retirement and potential long-term care costs takes planning, saving, and debt control. This Cooperative Extension initiative seeks to help people improve personal finance behaviors leading to financial security in later life, enhance the capacity of local educators and their partners to deliver effective programs, and increase economic vitality and quality of life for families and communities.

### [LIFELines Services Network](#)

Department of Defense, United States Navy

The U.S. Navy's LIFELine Services Network is a web portal providing "Quality of Life" information to military personnel and their families. Through the LIFELines Financial Management section, military personnel are provided information and tools for saving money and handling income and expenses while enabling their family to work toward financial stability. Topics include budgeting, understanding income, understanding credit, investing, and retirement.

### [Military Assistance Program – The Money Station](#)

The Department of Defense has established the Military Assistance Program – The Money Station to give service members and their families a chance to learn more about personal finances and to encourage them to better manage their money. This initiative is directed toward junior enlisted service members who are most at risk and spouses of service members who have not received the personal finance information that is part of military training.

### [Military Sentinel](#)

Department of Defense

Military Sentinel is a project of the Federal Trade Commission and the Department of Defense to identify and target consumer protection issues that affect members of the United States Armed Forces and their families. Military Sentinel also provides a gateway to consumer education materials covering a wide range of consumer protection issues, from auto leasing, to identity theft, to work-at-home scams (delivered via the FTC website).

### [Minority Business Development Agency](#)

Department of Commerce

The Department of Commerce's Minority Business Development Agency is an entrepreneurially focused organization, committed to empowering minority business enterprises for the purpose of wealth creation in minority communities. The agency fosters financial education through a variety of resources and programs.

### [National Credit Union Administration](#)

The National Credit Union Administration (NCUA) is the independent federal agency that charters and supervises federal credit unions. The NCUA works with credit unions to provide opportunities for economic empowerment and access to low-cost financial services. The NCUA website features links to its "Access Across America" initiative and the agency's Share Insurance Estimator.

### [National Summit on Retirement Savings](#)

Department of Labor, Employee Benefits Security Administration

As directed by the SAVER Act, the Department of Labor's Pension and Welfare Benefits Administration coordinates the National Summit on Retirement Savings, co-hosted by the President and the Congressional leadership in the House and Senate. Summits have been held in 1998 and 2002; the next Summit is scheduled for 2005. The purpose of the Summit is to increase public awareness of the importance of retirement planning and to identify ways to promote greater retirement savings by all Americans.

### [Office of Community Planning and Development](#)

Department of Housing and Urban Development

The Office of Community Planning and Development (CPD) seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expand economic opportunities for low and

moderate income persons. The primary means towards this end is the development of partnerships among all levels of government and the private sector, including for-profit and non-profit organizations. Financial Education is a principal component of CPD initiatives.

#### [Office of Consumer and Business Education](#)

Federal Trade Commission

The Federal Trade Commission distributes several guides to using and effectively managing credit through its Consumer Protection website.

#### [Office of Financial Education](#)

Department of the Treasury

The mission for the OFE is to ensure that Americans have access to financial education programs and that they obtain the practical knowledge and skill sets that will enable them to make informed financial choices throughout various life stages. For example, the ability to evaluate credit card offers or the practical skill to compare retirement plans. The OFE also focuses Treasury's financial education policymaking, and coordinates financial education initiatives within the Department and all of its bureaus.

#### [Office of Housing](#)

Department of Housing and Urban Development

The Department of Housing and Urban Development is the nation's housing agency committed to increasing homeownership, particularly among minorities, creating affordable housing opportunities for low-income Americans, supporting the homeless, elderly, people with disabilities and people living with AIDS. The Department also promotes economic and community development as well as enforces the nation's fair housing laws. HUD's Housing Counseling program provides advice on buying a home, renting, defaults, foreclosures, credit issues and reverse mortgages through HUD-approved counseling agencies throughout the country.

#### [Office of Public and Indian Housing](#)

Department of Housing and Urban Development

The Office of Public and Indian Housing (PIH) ensures safe, decent, and affordable housing, creates opportunities for residents' self-sufficiency and economic independence, and assures the fiscal integrity of all program participants. Financial Education is a principal component of the Resident Opportunities and Self Sufficiency Program (ROSS) which links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

#### [Office of the Comptroller of the Currency](#)

Department of the Treasury

The Office of the Comptroller of the Currency (OCC) encourages bank participation in financial literacy initiatives. Involvement in these programs helps banks develop

new customers while enhancing their visibility in the communities they serve. Bank participation in financial literacy programs also may receive positive consideration under the Community Reinvestment Act.

#### [Office of Thrift Supervision](#)

Department of the Treasury

The Office of Thrift Supervision promotes financial literacy through its community affairs activities and partnerships with various financial education organizations.

#### [Personal Financial Education](#)

Federal Reserve

The Federal Reserve provides economic literacy materials to help students and the public better understand the U.S. economy and the role of the Federal Reserve. Each of the twelve Federal Reserve Banks supports this objective through a wide variety of education partnerships, publications, learning tools, and student challenge contests. Links to Financial Education resources offered through each of the twelve Federal Reserve banks are available through the Personal Financial Education website.

#### [Retirement Savings Education Campaign](#)

Department of Labor, Employee Benefits Security Administration

The Department launched its Retirement Savings Education Campaign in 1995, which subsequently became mandated under the Savings Are Vital to Everyone's Retirement Act of 1997 (SAVER Act). The Campaign, whose slogan is "Saving Matters", continues to reach out to workers with access to a workplace retirement plan, encouraging them to participate and enjoy the many advantages of that method of saving or expand their participation to the maximum level allowed. The Campaign also continues to reach small employers, encouraging them to set up a plan for their employees and assisting them in setting up and operating the plan.

## A Selection of Active Personal Finance Websites

### A

AAFCS [www.aafcs.org/fcs/pages/cfr.html](http://www.aafcs.org/fcs/pages/cfr.html)  
AARP [www.aarp.org/money](http://www.aarp.org/money)  
AARP Investment Program [www.aarp.scudder.com](http://www.aarp.scudder.com)  
ABA Education Foundation [www.aba.com/consumer+connection](http://www.aba.com/consumer+connection)  
ABC News Business [www.abcnews.go.com/Business/](http://www.abcnews.go.com/Business/)  
About.Money [www.about.com/money/](http://www.about.com/money/)  
AFSA Education Foundation [www.afsaef.org](http://www.afsaef.org)  
A.G. Edwards [www.agedwards.com/public/content/fcgi/bma/frontpage.fcgi](http://www.agedwards.com/public/content/fcgi/bma/frontpage.fcgi)  
AICPA [www.360financialliteracy.org](http://www.360financialliteracy.org)  
Alliance for Investor Education [www.investoreducation.org](http://www.investoreducation.org)  
American Association of Individual Investors [www.aaii.com](http://www.aaii.com)  
American Bankers Association Educ. Foundation  
[www.aba.com/Consumer+Connection/default.htm](http://www.aba.com/Consumer+Connection/default.htm)  
American Bankruptcy Institute  
[www.abiworld.org/Template.cfm?section=Consumer\\_Education\\_Center](http://www.abiworld.org/Template.cfm?section=Consumer_Education_Center)  
American Center for Credit Education [www.cwcid.com](http://www.cwcid.com)  
American Century [www.americancentury.com](http://www.americancentury.com)  
American Express Financial Services [www.americanexpress.com](http://www.americanexpress.com)  
American Savings Education Council [www.asec.org](http://www.asec.org)  
Ameritrade [www.ameritrade.com](http://www.ameritrade.com)  
AOL Personal Finance [pf.channel.aol.com](http://pf.channel.aol.com)  
Australian Securities & Investments Commission [www.asic.gov.au](http://www.asic.gov.au)  
Australian Stock exchange [www.asx.com.au](http://www.asx.com.au)

### B

Bank High School [www.bankhs.com](http://www.bankhs.com)  
Bank Junior [www.bankjr.com](http://www.bankjr.com)  
Banking on Kids [www.bankingonkids.com](http://www.bankingonkids.com)  
Banking on Our Future [www.bankingonourfuture.org](http://www.bankingonourfuture.org)  
Bank of America [www.bankofamerica.com/financialtools/index.cfm](http://www.bankofamerica.com/financialtools/index.cfm)  
Bank Rate, Inc. [www.bankrate.com](http://www.bankrate.com)  
Barron's (Wall Street Journal Interactive version) [www.barrons.com](http://www.barrons.com)  
Biz World [www.bizworld.org](http://www.bizworld.org)  
Bloomberg [www.bloomberg.com](http://www.bloomberg.com)  
Bonds on-line [www.bondsonline.com](http://www.bondsonline.com)  
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Broadwaybank [www.broadwaybank.com](http://www.broadwaybank.com)  
Bubblebank [www.bubblebank.com/](http://www.bubblebank.com/)  
Bull and Bear Securities, Inc. [www.bullbear.com](http://www.bullbear.com)  
Bureau of Engraving and Printing, The New Color of Money  
[www.moneyfactory.com](http://www.moneyfactory.com)  
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Canadian Bankers Association [www.yourmoney.cba.ca/eng/index.cfm](http://www.yourmoney.cba.ca/eng/index.cfm)  
Canadian Savings Bonds [www.kidscansave.gc.ca/loaded\\_homepage.html](http://www.kidscansave.gc.ca/loaded_homepage.html)  
Canslim.net [www.canslim.net](http://www.canslim.net)  
Capitalist Chicks [www.capitalistchicks.com](http://www.capitalistchicks.com)  
CardRatings [www.cardratings.com](http://www.cardratings.com)  
CBM Credit Education Foundation  
[www.cbmfoundation.org/educational\\_materials.html](http://www.cbmfoundation.org/educational_materials.html)  
CBS Marketwatch [www.cbsmarketwatch.com](http://www.cbsmarketwatch.com)  
Certified Financial Planner Board of Standards [www.cfp.board.org](http://www.cfp.board.org)  
Charles Schwab & Co. [www.schwab.com](http://www.schwab.com)  
Chase Financial Education Library [www.chase.com](http://www.chase.com)  
Chicago Board of Trade [www.cbot.com](http://www.cbot.com)  
Chicago Board Options Exchange [www.cboe.com](http://www.cboe.com)  
Chicago Mercantile Exchange [www.cme.com](http://www.cme.com)  
ChoiceNerd [www.choicenerd.com](http://www.choicenerd.com)  
CIGNA [www.cigna.com](http://www.cigna.com)  
Citigroup Financial Education Program  
[financialeducation.citigroup.com/citigroup/financialeducation](http://financialeducation.citigroup.com/citigroup/financialeducation)  
Clearstation [www.clearstation.com](http://www.clearstation.com)  
CNN Financial Network [www.cnnfn.com](http://www.cnnfn.com)  
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Datek online [www.datek.com](http://www.datek.com)  
Decision Point [www.decisionpoint.com](http://www.decisionpoint.com)

Depository Receipt Services [www.bankofny.com/adr](http://www.bankofny.com/adr)  
Dog & Pony Shows, LLC  
Dorsey, Wright, & Associates [www.dorseywright.com](http://www.dorseywright.com)  
Do Something Financial Education [www.dosomething.org](http://www.dosomething.org)  
Dow Jones & Co. [www.university.smartmoney.com](http://www.university.smartmoney.com)  
Drip Investor [www.dripinvestor.com](http://www.dripinvestor.com)  
Dupree Funds [www.dupree-funds.com](http://www.dupree-funds.com)

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Eleve Group [www.elevegroup.com](http://www.elevegroup.com)  
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Escape from Knab: the Adventure [www.escapefromknab.com](http://www.escapefromknab.com)  
Etrade securities [www.etrade.com](http://www.etrade.com)

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Fairmark Tax guide for Investors [www.fairmark.com](http://www.fairmark.com)  
Fannie Mae Foundation [www.fanniemaefoundation.org](http://www.fanniemaefoundation.org)  
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Financial Future [www.dallasfed.org/ca/wealth](http://www.dallasfed.org/ca/wealth)  
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Financial Planning Magazine Online edition [www.fponline.com](http://www.fponline.com)  
Firstrade.com-first Flushing Securities [www.pathfinder.com/fortune](http://www.pathfinder.com/fortune)  
Forbes [www.forbes.com](http://www.forbes.com)  
Foundation for Financial Literacy [www.ffltx.org/index.cfm](http://www.ffltx.org/index.cfm)  
Foundation for Investor Education [www.foundationforinvestoreducation.org](http://www.foundationforinvestoreducation.org)  
Franklin-Templeton Funds [www.franklin-templeton.com](http://www.franklin-templeton.com)  
Freddie Mac [www.freddiemac.com/creditsmart](http://www.freddiemac.com/creditsmart)  
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[www.ftc.gov/bcp/online/pubs/young/redycrdt.pdf](http://www.ftc.gov/bcp/online/pubs/young/redycrdt.pdf)  
Fundalarm [www.fundalarm.com](http://www.fundalarm.com)  
Futures Industry Association [www.fiafii.org](http://www.fiafii.org)  
Futures Trading Group [www.futurestraining.com](http://www.futurestraining.com)

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Gabelli Mutual Funds [www.gabelli.com](http://www.gabelli.com)  
Galaxy Funds [www.galaxyfunds.com](http://www.galaxyfunds.com)  
General Electric [www.ge.com](http://www.ge.com)  
Genworth Center for Financial Learning [www.centerforfinanciallearning.com](http://www.centerforfinanciallearning.com)  
Got Moola [www.gotmoola.com](http://www.gotmoola.com)  
Girl Scout Council of Greater New York Investing Pays Off (IPO) Program  
[www.gscgny.org/HTML/girls/ProgramsIPO.htm](http://www.gscgny.org/HTML/girls/ProgramsIPO.htm)  
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Girls, Inc. [www.girlsinc.org/gc/page.php?id=2](http://www.girlsinc.org/gc/page.php?id=2)  
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Good Money [www.goodmoney.com](http://www.goodmoney.com)  
Green Jungle [www.grenjungle.com](http://www.grenjungle.com)  
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ICI Mutual Fund connection [www.ici.org](http://www.ici.org)  
Infusing Personal Finance into Language Arts and Math  
[www.economicstexas.org/LessonPlans.htm](http://www.economicstexas.org/LessonPlans.htm)  
InCharge Institute, Credit Compass [www.creditcompass.com](http://www.creditcompass.com)  
ING Direct [www.orangekids.com/po\\_intro003.html](http://www.orangekids.com/po_intro003.html)  
Innovative Teaching [www.surfaquarium.com/newsletter/bank.htm](http://www.surfaquarium.com/newsletter/bank.htm)  
Institute of Consumer Financial Education [www.financial-education-icfe.org](http://www.financial-education-icfe.org)  
Institute for Financial Literacy [www.financiallit.org](http://www.financiallit.org)  
Institute of Consumer Financial Education [www.financial-education-icfe.org](http://www.financial-education-icfe.org)  
Insurance Education Foundation [www.ief.org/edu/edudefault.asp](http://www.ief.org/edu/edudefault.asp)  
Insurance Information Institute [www.iii.org](http://www.iii.org)  
Insure.com [www.insure.com](http://www.insure.com)  
Internal Revenue Service [www.irs.ustreas.gov](http://www.irs.ustreas.gov)  
Internet Closed End Fund Investor [www.closed-end-funds.com](http://www.closed-end-funds.com)  
Invesco [www.invesco.com](http://www.invesco.com)  
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Investment FAQ [www.invest-faq.com](http://www.invest-faq.com)  
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Investors Business Daily Web Edition [www.investors.com](http://www.investors.com)  
Investorwords [www.investorama.com](http://www.investorama.com)  
IPO Intelligence Online [www.ipo-fund.com](http://www.ipo-fund.com)  
Irajunction.com [www.irajunction.com](http://www.irajunction.com)

It all Adds Up [www.italladdsup.org](http://www.italladdsup.org)

## **J**

JH Darbie & Co [www.jhdarbie.com](http://www.jhdarbie.com)

Junior Achievement Worldwide [www.ja.org](http://www.ja.org)

## **K**

KidsFinance [www.kidsfinance.com](http://www.kidsfinance.com)

Kiplinger Online [www.kiplinger.com](http://www.kiplinger.com)

Knowledge Adventure [www.knowledgeadventure.com](http://www.knowledgeadventure.com)

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Lavamind [www.lavamind.com/index.htm](http://www.lavamind.com/index.htm)

League of American Investors [www.investorsleague.com](http://www.investorsleague.com)

Learn to Save, a Site for Children & Their Parents [www.learntosave.com](http://www.learntosave.com)

Levitt & Levitt Trustrade [www.trustrade.com](http://www.trustrade.com)

Liberal Financial [www.younginvestor.com](http://www.younginvestor.com)

Life and Health Insurance Foundation for Education [www.life-line.org](http://www.life-line.org)

Loomis Sayles funds [www.loomissayles.com](http://www.loomissayles.com)

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Market Watch [www.marketwatch.com](http://www.marketwatch.com)

Maryland Public Television-Sense & Dollars [senseanddollars.thinkport.org](http://senseanddollars.thinkport.org)

Mastering Your Personal finances [www.yourpersonalfinances.com](http://www.yourpersonalfinances.com)

Midamerica Commodity Exchange [www.midam.com](http://www.midam.com)

Monetta Funds [www.monetta.com](http://www.monetta.com)

Moneylife, Inc. [www.moneylife.com](http://www.moneylife.com)

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[www.publicdebt.treas.gov/mar/marmoneymath.htm](http://www.publicdebt.treas.gov/mar/marmoneymath.htm)

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MoneyPaper [www.moneypaper.com](http://www.moneypaper.com)

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Money Skill [www.moneyskill.org](http://www.moneyskill.org)

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Morningstar [www.morningstar.com](http://www.morningstar.com)

Mosaic Funds [www.mosaicfunds.com](http://www.mosaicfunds.com)

Motley Fool [www.fool.com](http://www.fool.com)

Mr. Stock Online Trading [www.mrstock.com](http://www.mrstock.com)

MSN Moneycentral Investor [www.moneycentral.msn.com](http://www.moneycentral.msn.com)

Mutual Fund Investor's Center [www.mfea.com](http://www.mfea.com)

Mydiscountbroker.com [www.mydiscountsbroker.com](http://www.mydiscountsbroker.com)

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NASD Regulations, Inc. [www.nasdr.com](http://www.nasdr.com)  
NASDAQ [www.nasdaq.com](http://www.nasdaq.com)  
National Association of Investors Corp. (NAIC) [www.better-investing.org](http://www.better-investing.org)  
National Center for Financial Education [www.ncfe.org](http://www.ncfe.org)  
National Consumers League [www.nclnet.org](http://www.nclnet.org)  
National Council on Economic Education [www.ncee.net](http://www.ncee.net);  
National Endowment for Financial Education [www.nefe.org](http://www.nefe.org)  
National Discount Brokers [www.ndb.com](http://www.ndb.com)  
National Foundation for Credit Counseling [www.debtadvice.org](http://www.debtadvice.org)  
National Fraud Information Center [www.fraud.com](http://www.fraud.com)  
National Youth Involvement Board [www.nyib.org](http://www.nyib.org)  
Native Financial Education Coalition [www.nfec.info](http://www.nfec.info)  
New York Board of Trade [www.cbot.com](http://www.cbot.com)  
NFA Futures [www.nfa.futures.org](http://www.nfa.futures.org)  
Northwestern Mutual & NCEE [www.themint.org](http://www.themint.org)  
North America Military Financial Education Center [militaryfinance.umuc.edu](http://militaryfinance.umuc.edu)  
North American Securities Administration Association [www.nasaa.org](http://www.nasaa.org)

## **O**

Options Industry Council [www.888options.com](http://www.888options.com)

## **P**

ParentWare [www.parentware.org](http://www.parentware.org)  
Payden & Rygel funds [www.payden.com](http://www.payden.com)  
PBS News Hour [www.pbs.org/newshour/on2/budget.html](http://www.pbs.org/newshour/on2/budget.html)  
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Pitmaster [www.thepitmaster.com](http://www.thepitmaster.com)  
Premier Educational Services [www.goodcreditnews.com/homepage.html](http://www.goodcreditnews.com/homepage.html)  
Prosperity4Kids, Inc. [www.prosperity4kids.com](http://www.prosperity4kids.com)  
PRS Online [www.countrydata.com](http://www.countrydata.com)

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Quicken.com [www.quicken.com](http://www.quicken.com)

## **R**

Regal Discount [www.eregal.com](http://www.eregal.com)  
Ric Edelman [www.ricedelman.com](http://www.ricedelman.com)

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Seaport Securities Corp. [www.sea-port.com](http://www.sea-port.com)  
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Sherry Bruce State Discount [www.state-discount.com](http://www.state-discount.com)  
Smart Money [www.smartmoney.com](http://www.smartmoney.com)  
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Social Security Administration [www.ssa.gov/schools.htm](http://www.ssa.gov/schools.htm)  
Society for Financial Education and Professional Development  
[www.societyforfinancialeducation.org](http://www.societyforfinancialeducation.org)  
Sovereign Bank [www.kidsbank.com](http://www.kidsbank.com)  
Springboard Non-Profit Consumer Credit Management [www.ncfe.org](http://www.ncfe.org)  
State Bank of the Lakes [www.thisisyourbank.com/future/index.html](http://www.thisisyourbank.com/future/index.html)  
State Farm [www.statefarm.com](http://www.statefarm.com)  
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Strong Kids [www.strongkids.com](http://www.strongkids.com)  
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TeachMeFinance.com [www.teachmefinance.com](http://www.teachmefinance.com)  
Teen Analyst [www.teenanalyst.com](http://www.teenanalyst.com)  
Tesco [www.tescofinance.com](http://www.tescofinance.com)  
The Gay Financial Network [www.gfn.com](http://www.gfn.com)  
The Money Camp for Kids [www.themoneycamp.com](http://www.themoneycamp.com) Thestreet.com  
[www.thestreet.com](http://www.thestreet.com)  
The Stock Market Game TM [www.smgww.org](http://www.smgww.org)  
The Street.com [www.thestreet.com](http://www.thestreet.com)  
Thinking About Dropping Out of School [www.dol.gov/asp/fibre/dropout.htm](http://www.dol.gov/asp/fibre/dropout.htm)  
Thrivent Financial for Lutherans [www.thrivent.com/planning/index.html](http://www.thrivent.com/planning/index.html)  
Top 10 Dot Coms (Scams) [www.ftc.gov/bcp/online/edcams/dotcon/text.htm](http://www.ftc.gov/bcp/online/edcams/dotcon/text.htm)  
Tradehard.com [www.tradehard.com](http://www.tradehard.com)  
Trade-well Discount Investing [www.tradewell.com](http://www.tradewell.com) JH Darbie & Co  
[www.jhdarbie.com](http://www.jhdarbie.com)  
Trading Direct [www.tradingdirect.com](http://www.tradingdirect.com)  
True Life Interactive [truelifeinteractive.com](http://truelifeinteractive.com)  
Tucker Anthony [www.tucker-anthony.com](http://www.tucker-anthony.com)

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University of California-Cooperative Extension [www.moneytalks.ucr.edu](http://www.moneytalks.ucr.edu)  
University of Minnesota-Extension Service  
[www.extension.umn.edu/topics.html?topic=3](http://www.extension.umn.edu/topics.html?topic=3)  
University of Missouri Center for Entrepreneurship & Economic Education  
[www.umsl.edu/~econed](http://www.umsl.edu/~econed)  
USA Funds Life Skills  
[www.usafunds.org/financial\\_aid/debt\\_management/usa\\_funds\\_life\\_skills](http://www.usafunds.org/financial_aid/debt_management/usa_funds_life_skills)  
US Mint [www.usmint.gov/kids](http://www.usmint.gov/kids)  
US Securities and Exchange commission [www.sec.gov](http://www.sec.gov)  
US Treasury [www.ustreas.gov/kids](http://www.ustreas.gov/kids)

## V

Valueline Investment Research & Asset management [www.valueline.com](http://www.valueline.com)  
Vanguard [www.vanguard.com](http://www.vanguard.com)  
VISA's practical money Skills for Life  
[www.practicalmoneyskills.com/english/index.php](http://www.practicalmoneyskills.com/english/index.php)

## W

Wachovia Bank [www.wachovia.com](http://www.wachovia.com)  
Wall Street Journal Classroom Edition  
[www.wsjclassroomedition.com/index.html](http://www.wsjclassroomedition.com/index.html)  
Washington State Attorney General's Office [www.atg.wa.gov/teenconsumer](http://www.atg.wa.gov/teenconsumer)  
Waterhouse Securities [www.waterhouse.com](http://www.waterhouse.com)  
Wayne Hummer Funds [www.whummer.com](http://www.whummer.com)  
WEBS [www.websontheweb.com](http://www.websontheweb.com)  
Wells Fargo's Hands on Banking [www.handsonbanking.org](http://www.handsonbanking.org)  
Wise Pockets [www.umsl.edu/~wpockets](http://www.umsl.edu/~wpockets)  
Women's Institute for Financial Education [www.wife.org](http://www.wife.org)  
Worldly Investor [www.worldlyinvestor.com](http://www.worldlyinvestor.com)  
WorldWideLearn [www.worldwidelearn.com](http://www.worldwidelearn.com)

## Y

Young Americans Center for Financial Education [www.yacenter.org](http://www.yacenter.org)  
Young Biz [www.youngbiz.com](http://www.youngbiz.com)  
Young Money [www.youngmoney.com](http://www.youngmoney.com)

## Z

Zillions – Consumer Reports 4 Kids [www.zillions.org](http://www.zillions.org)  
4-H Cooperative Curriculum [www.n4hccs.org](http://www.n4hccs.org)  
101 Financial Lessons [www.101financiallessons.com](http://www.101financiallessons.com)

## **CHAPTER EIGHT FEDERAL AND STATE LEGISLATION**

Beginning with the Savings Are Vital to Everyone's Retirement (SAVER) Act, signed into law in 1997, the Federal government has continued to propose and adopt legislation that provides increasingly for consumers' enhanced financial education, awareness and responsibility. Federal legislation more and more includes the requirement for personal financial education as a component of new funding programs from welfare reform to military personnel services and general consumer-related reforms. In 2000, Senate Resolution 48 and its companion House Resolution 127 called for the establishment of April as Financial Literacy for Youth Month. In 2003, a resolution was passed establishing April as Financial Literacy Month now encompassing all Americans.

Following is a summary of consumer finance legislation passed into law between 2000 and 2005 and a brief review of bills proposed during the most recent Congress.

### **Federal Consumer Finance Legislation, 2000-2005**

Federal legislation that incorporates significant consumer financial components includes the Fair and Accurate Credit Transactions Act (FACT Act), Check Clearing for the 21st Century Act (Check 21), Savings Are Vital to Everyone's Retirement Act (Saver Act), Financial Modernization Act (Gramm-Leach Bliley Act), and Bankruptcy Abuse Prevention and Consumer Protection Act (Bankruptcy Reform Act).

#### ***Savings Are Vital to Everyone's Retirement Act (Saver Act)***

Signed into law in November 20, 1997, the purpose of the Saver Act is to advance the public's knowledge and understanding of the importance of retirement savings and to facilitate the development of a broad-based, public education program to encourage individual commitment to a personal retirement savings strategy. To these ends, the law directs the Secretary of Labor to convene three National Summits on Retirement Savings. While the Saver Act was enacted in 1997, two of the National Summits take place in the 2000-2006 time frame. The first summit was held on June 4-5, 1998 and the second on February 28-March 1, 2002. The third summit is tentatively scheduled for early March 2006.

#### ***Financial Modernization Act (Gramm-Leach-Bliley Act or GLB Act)***

Signed into law November 1999, most provisions of the Financial Modernization Act of 1999 went into effect in 2000 and later. It includes provisions to protect consumers' non-public personal financial information held by financial institutions.

Non-public information includes information an individual puts on an application, information from another source or information about transactions between the individual and the company.

A financial institution's obligations under the GLB Act depend on whether the company has consumers or customers who obtain its services. A *consumer* is an individual who obtains or has obtained a financial product or service from a financial institution for personal, family or household reasons. A *customer* is a consumer with a continuing relationship with a financial institution. Only customers are entitled to automatically receive a financial institution's privacy notice annually. The privacy notice must:

- be a clear and accurate statement of the company's privacy practices
- include what information the company collects about its consumers and customers, with whom it shares the information, and how it protects or safeguards the information
- explain that consumers have a right to say no to the sharing of credit report or application information with the financial institution's affiliates.

### ***Fair and Accurate Credit Transactions Act of 2003 (The Amendments)***

The Fair and Accurate Credit Transactions Act (FACTA) signed into law December 4, 2003, amends the Fair Credit Reporting Act and provides consumers, companies, consumer reporting agencies (CRAs), and regulators with new tools that expand access to credit and other financial services, enhances the accuracy of consumers' financial information, and helps fight identity theft. The primary financial aspects of this law relate to consumer access to credit information, identity theft prevention, fraud alerts, and the Financial Literacy and Education Commission.

#### **Consumer Access to Credit Information**

- Consumers are required to receive a "risk-based pricing notice" and the name of the CRA used to determine loan terms when a creditor relies on a credit report to make a credit offer to a consumer that may be less than the most favorable terms available.
- Consumers are allowed to "opt-out" of having their information shared with a company's affiliates for marketing purposes.
- The use of a consumer's medical information obtained through a CRA is restricted.

Specialty CRAs maintain specific types of files on consumers, such as employment history, tenant history, medical records, and insurance claims. These CRAs are to maintain a toll-free telephone number through which consumers may request a free copy of their credit report once every 12 months.

## **Identity Theft Prevention**

According to the FTC, identity thefts in 2002 cost businesses and financial institutions nearly \$48 billion and cost victims \$5 billion in out-of-pocket expenses. The FACT Act addresses some aspects of this problem with the following provisions.

- The FTC rule defines identity theft as a fraud that is committed or attempted, using a person's identifying information and states that "Identifying information" should have the same meaning as "means of identification".
- Financial institutions are required to provide the victim of identity theft evidence of that fraudulent transaction within 30 days of the consumer's request for information.
- Consumers are to be provided a summary of their rights by the CRA if identity theft is suspected.
- Merchants and banks are required to print no more than the last five digits of an account number on an electronic receipt and are prohibited from printing the expiration date.
- Credit and debit card issuers are required to verify the address of the consumer if a request for a new credit or debit card on an existing account is received within 30 days of a change of address.
- The identity theft rights summary will be provided by CRAs to consumers who contact the agencies because they believe they are victims of fraud or identity theft.
- The CRAs are required to develop "reasonable requirements" to establish "appropriate proof of identity" needed to block fraudulent information on a consumer's credit report or place or remove a fraud alert.

## **Fraud Alerts**

The FACT Act provides for three types of fraud alerts: initial fraud alerts, extended fraud alerts, and active-duty fraud alerts.

- When a consumer suspects identity theft, one call to one CRA will notify all of the CRAs. This sets off a nationwide fraud alert in order to protect the consumer's credit standing.
- Consumers have the right to block businesses and credit bureaus from reporting any information in their credit files to CRAs that is a result of identity theft. This reduces the chance of "re-pollution" of consumer reports.
- Consumers need "identity theft reports" to place an extended fraud alert on their credit file and to block information resulting from identity theft from appearing in their credit files.
- To prevent misuse of identity theft reports for credit repair scams, consumers must allege the identity theft with as much specificity as possible and credit bureaus and creditors are allowed to request, with certain limitations,

reasonable additional information to help them determine if identity theft actually occurred.

### Initial Fraud Alerts

- Consumers can contact one credit reporting agency (CRA) to flag their account, and that CRA must share the request with the other two CRAs.
- The three major CRAs have already voluntarily adopted this as their standard procedure.
- To place fraud alert, consumers must provide proof of their identity to the CRA. The initial fraud alert is effective for 90 days.

### Extended Fraud Alerts

- A consumer can request that an initial fraud alert be extended up to seven years.
- Consumers need an “identity theft report” to place an extended fraud alert on their credit file and to block information resulting from identity theft from appearing in their credit files.
- It requires any user of the credit report or score to verify the identity of the person making a request for new credit, an extension of existing credit, or an addition or replacement credit card for an existing account.
- Consumers may request two free credit reports from each CRA within 12 months after filing the extended fraud alert request. Credit reports from the three major CRAs can be ordered at [www.annualcreditreport.com](http://www.annualcreditreport.com).

### Active Duty Alert

- Active duty military service members deployed outside the U.S. can place a notation on their credit report to alert potential creditors to possible fraud. This provision is important because deployed military members are particularly vulnerable to identity theft and often lack the means to monitor the activity on their credit.
- The active duty alert is maintained on the service member’s file for at least 12 months. Service members who receive extended deployments may place another active duty alert in their file after the first one expires.

When a fraud alert is on a consumer’s credit report, any business asked to extend credit in that person’s name must contact the account owner who can.

### Red Flag Indicators

- FACTA requires regulators to devise a list of red flag indicators of identity theft, drawn from the patterns and practices of identity thieves.

- Regulators are to use these indicators in their evaluations of financial institutions, and impose fines when disregard of the indicators has resulted in losses to customers.
- Certain events, such as a change of address, efforts to reactivate a dormant credit card account, or a request for a replacement credit card may signal a potential fraud. The FTC and federal banking agencies are working on the regulations to establish guidelines. These guidelines and those adopted under the Gramm-Leach-Bliley Act will likely provide greater protection for consumer data.

### **Financial Literacy and Education Commission**

The Financial Literacy and Education Commission was established under Title V, the Financial Literacy and Education Improvement Act, (part FACTA) to improve financial skills, knowledge and education of Americans. The Commission is composed of representatives from 20 federal departments, agencies and commissions, and is coordinated by the Dept. of Treasury's Office of Financial Education. The Commission coordinates financial education efforts of the federal government, establishes a website to serve as a clearinghouse of federal personal financial and education programs, grants and other information, and a toll-free information hotline.

### **Check Clearing for the 21st Century Act (Check 21)**

The Check Clearing for the 21st Century Act (Check 21) became effective on October 28, 2004. It allows financial institutions to convert a paper check to a new negotiable instrument called a *substitute check*, a digital image file of the front and back of the original paper check, and to use it to process checks faster and more efficiently. Instead of physically moving paper checks from one bank to another, an original check can be removed from the clearing process, only forwarding the information necessary to make payment (check truncation). A substitute check is the legal equivalent of the original check and includes all the information contained on the original check. Check 21 legislation applies to all financial institutions and their customers, and there are no "opt out" exceptions.

The primary changes consumers will increasingly experience are:

- Money may be deducted from a checking account faster than before, approximately one day faster. Thus, it will be important that to avoid penalties a checking account has enough money in it to cover the check when the check is written.
- Banks who provide paid checks with statements can send either the original check or a substitute check.
- Check 21 does not change the maximum time frames by which a bank must make funds available to the account owner.

- A substitute check can be used as proof of payment because it is legally the same as the original check.
- If a consumer receives a substitute check that is not legally the same as the original check and suffers a loss related to a substitute check received, Check 21 provides a special procedure (“expedited re-credit”) to get money back.
- If a consumer requests an original check from his/her bank, the bank may provide either the original check, a substitute check, or a copy of the check.
- Any bank or person must accept a substitute check as if it was the original check.
- All checks are eligible for conversion to a substitute check, including, but not limited to, consumer checks, money orders, and travelers checks.

### ***Bankruptcy Abuse Prevention and Consumer Protection Act (Bankruptcy Reform Act)***

Most of the provisions of the bankruptcy act, signed into law in April 20, 2005, become effective for cases filed on or after October 17, 2005. Bankruptcy will change dramatically. Bankruptcy will not be available to some, will be more limited in scope, and will be more expensive due to legal work necessitated by the changes.

Individual cannot file a Chapter 7, 13, or 11 petition unless within 180 days preceding the filing they have received an individual or group “briefing”, (telephone and internet briefings will be allowed) that outlines the opportunities for credit counseling AND assists the individual in performing a budget analysis. A debtor must file with the Court a certificate from an approved nonprofit budget and credit counseling agency describing the services provided to the debtor along with a copy of the debt repayment plan, if any.

In addition to pre-bankruptcy counseling, all Chapter 7 & Chapter 13 debtors must complete a Financial Management Course (in-person or online) before they receive a Discharge of Debts. The U.S. Trustee’s office is required to develop a financial management training curriculum to be tested in 6 judicial districts beginning no later than 270 days after enactment of the act and to continue for 18 months. This experimental program does not delay implementation of the general requirement to attend a financial management course from an approved agency before a discharge is granted.

A major consumer finance provision of the bankruptcy Reform Act is the Means Test. It will identify debtors who have the financial capacity to pay considerable debt over a five year period.

Test 1: Is the family earning above the average income for their family size and state?

If the answer is “no”, Chapter 7 may be filed.

Test 2: If the answer is “yes to #1, do you have excess monthly income of more than \$166.66/month to pay \$10,000 of debt over five years?

If the answer is “no”, you answer Test 3. If “yes”, Chapter 7 cannot be filed but Chapter 13 may be filed.

Test 3: If the answer is “no” to #2, do you have excess income of greater than \$100/month over the next 60 months to pay at least 25% of your unsecured debt?

If the answer is “no”, you can file Chapter 7; if “yes” Chapter 7 cannot be filed, but Chapter 13 may be filed.

The Bankruptcy Reform Act requires both financial counseling and education. The filer must finish financial counseling within the last six months before filing and financial education before the bankruptcy can be discharged.

Other consumer finance provisions include:

- To prove income for the Means test, debtors must provide a copy of a tax return for the period for which the return was most recently due, and the return will be part of the public bankruptcy records.
- The IRS will develop guidelines of what are reasonable living expenses.
- Eliminates the ability to “strip down” or “cram down” a car loan in Chapter 13 or redeem the car for its present value on vehicles purchased within 2 ½ years of the bankruptcy filing.
- The homestead exemption is limited to \$125,000 if the property was acquired within the previous 1,215 days (3.3 years). Homesteads acquired more than 3.3 years prior to filing, are still completely exempt in those states (KS, TX, FL, IA, SD) having unlimited homestead exemptions.
- Elimination of the provision that allows discharge of tax liability for tax years ending more than three years prior to the bankruptcy filing, even if the returns have not been filed.
- Property division obligations or indemnity provisions in divorce proceedings are non dischargeable in Chapter 7 but remain dischargeable in Chapter 13.
- Child support and alimony move from a priority of 7<sup>th</sup> to 1<sup>st</sup>.

## **Federal Proposed Legislation 2005**

In addition to the passage into law of the Bankruptcy Reform Act, the 109<sup>th</sup> Congress of the United States has generated much proposed legislation aimed at strengthening personal financial education and protecting consumers in all sectors of American life. Among the bills introduced in Congress in 2005 are: H.R.200, the Prevention of Predatory Lending Through Education Act; H.R. 392, the Retirement Security

Education Act of 2005 also introduced in the Senate as S. 924; S. 468, the College Literacy in Finance and Economics (College Life) Act; S. 393, the Credit Card Minimum Payment Warning Act of 2005 and S. 1040, the Credit Card Minimum Payment Notification Act; S 925, the Youth Financial Education Act; H.R. 1643, the Borrower's Bill of Rights Act; H.R. 17671, the America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act of 2005, also introduced in the Senate as S 868.; and, S.1028, the Military Personnel Financial Services Education Act of 2005. All these proposed laws express the government's intent to support and expand personal financial and consumer education.

### ***H.R.200, the Prevention of Predatory Lending Through Education Act***

Representative David Scott of Georgia and one co-sponsor introduced this bill in January 2005. The bill's main intent is to authorize the Secretary of Housing and Urban Development to make grants to States, units of general local government, and nonprofit organizations for counseling and education programs for the prevention of predatory lending and to establish a toll-free telephone number for complaints regarding predatory lending.

### ***H.R. 392, the Retirement Security Education Act of 2005***

This bill, introduced by Representative Stephen Lynch D-MA in the House of Representatives in January 2005 and in the Senate by Senator Jon S. Corzine D-NJ in April, proposes the establishment of a federal grant program to be administered through the Secretary of Health and Human Services, to: (1) enhance the financial and retirement literacy of mid-life and older Americans and; (2) reduce financial abuse and fraud, including telemarketing, mortgage and pension fraud. The grant program would be made available to local community organizations to assist them in creating and distributing instructional materials and information that promote financial education and to provide training and related assistance to establish local financial education programs for the target population. The Act gives priority for assistance to organizations with demonstrated experience in providing financial education to older women.

### ***S 468, the College Literacy in Finance and Economics (College LIFE) Act***

Introduced in February 2005 by Senator Daniel K. Akaka D-HI and three cosponsors, the College LIFE Act proposes to amend the Higher Education Act of 1965, directing the Secretary of Education to carry out activities to improve financial and economic, education and counseling in institutions of higher education. The bill specifies emphasis on, among other elements, "basic personal income and household money management and financial planning skills and basic economic decision making skills". Addressing institutions serving minorities and students receiving assistance, the Act requires educational or counseling services to improve the

financial and economic skills and knowledge of students and their parents. In executing the requirements of the Act, the Secretary of Education is directed to coordinate his activities, “to the greatest extent practicable with the financial and economic literacy efforts of the Financial Literacy and Education Commission” (US Treasury Department).

### ***S. 393, the Credit Card Minimum Payment Warning Act of 2005 and S. 1040, the Credit Card Minimum Payment Notification Act***

These two bills introduced in the Senate, S. 393 in February 2005 by Senator Akaka and S. 1040 by Senator Feinstein in May 2005 both call for enhanced disclosure to consumers regarding the consequences of making only the minimum required payment in the repayment of credit card debt. Both bills require specific written statements to appear on the first page of the credit card bill to inform the card holder of the liabilities involved in paying only the minimum payment due as identified by the credit card company.

The establishment of a toll-free telephone number to make credit counseling and debt management information available to the public and regulations concerning any fees involved in that service is included in the bills.

### ***H.R. 1295, the Responsible Lending Act***

A bill introduced by Representative Robert W. Ney of Ohio and 25 bipartisan cosponsors in March 2005 proposes to protect consumers against unfair and deceptive practices in connection with higher cost mortgage transactions, to strengthen the civil remedies available to consumers under existing law, to provide for certain uniform lending standards, to improve housing counseling, to better mortgage servicing, to enhance appraisal standards and oversight and, to establish licensing and minimum standards for mortgage brokers.

The proposed legislation sets forth related provisions with respect to: (1) requirements for higher-cost mortgages; (2) dispute and error resolution; (3) damages, rescission and liability; (4) State law coordination; (5) State enforcement authority; (6) prepayment penalties and late charges; and (7) consumer counseling.

### ***S 925, the Youth Financial Education Act***

This bill introduced in the Senate in April 2005 by Senator Jon Corzine with four co-sponsors amends the Elementary and Secondary Education Act of 1965 to authorize the Secretary of Education to allocate grants to state educational agencies to provide funds to local educational agencies and public schools for personal financial education programs for students in grades K through 12. It also provides for professional development programs to prepare teachers and administrators for financial education. The Secretary is directed by the proposed legislation to grant funding or contract with an organization or agency with proven financial education

experience to serve as a national clearinghouse for instructional materials and information on model financial education programs and best practices.

### ***H.R. 1643, the Borrower's Bill of Rights Act***

In April 2005, Representative Harold Ford, Jr. of Tennessee introduced this bill to amend various banking laws to combat predatory lending, especially in regards to low and moderate income consumers, calling for “plain and simple language” requirements for all disclosures and contains a prohibition on loan “flipping.”

The bill also proposes an amendment to the Financial Literacy and Education Improvement Act to establish the position of Assistant Secretary for Financial Education in the Department of the Treasury. Section 3 of the bill directs the Secretary to establish a two year financial literacy pilot program for middle and high school students. The program outlined would be implemented in 10 middle and 10 high schools in 10 different school systems and provided to 8<sup>th</sup> and 12<sup>th</sup> grade students. A detailed report to be submitted by the Assistant Secretary is required at the end of the pilot period.

### ***HR 1767, S 868, the America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act of 2005***

First introduced in the 108<sup>th</sup> Congress, the 2005 ASPIRE Act was sponsored in the House by Representative Harold Ford Jr and in the Senate by Senator Richard Santorum of Pennsylvania. The bill proposes to encourage savings, promote personal financial education, and expands opportunities for young adults by establishing Kids Investment and Development Savings (KIDS) Accounts and establishes a KIDS Account Fund in the Treasury. The Act will give every U.S. citizen born after December 31, 2006 a tax free savings account at birth. Once a Social Security number has been established for a newborn child, a \$500 deposit will be made into a Kids Investment and Development Savings Account. In addition, households below the national median income would receive an additional \$500 as well as a dollar for dollar match on deposits that are made by family, the student, and/or friends up to \$500 each year. Volunteer contributions to the account may not exceed \$1,000 and the account and all its funds grow tax-free. Once the child is 18 years of age the accrued funds can be used towards post secondary education, homeownership, or retirement. All Kids Account beneficiaries will be required to pay back the initial \$500 deposit at age 30, which will help to fund the next generation of accounts.

The Act also creates and directs the KIDS Account Fund Board to establish a default investment program under which, in a manner similar to a lifecycle investment program, sums in each KIDS Account are allocated to investment funds in the KIDS Account Fund based on the amount of time before the account holder attains the age of 18. Under the Act, each KIDS Account would be treated in the same manner as a Roth IRA. The Board would be subject to the same statutory composition

requirements, duties, and responsibilities as the Federal Retirement Thrift Investment Board.

The Secretary of the Treasury is directed to coordinate with the Financial Literacy and Education Commission, to develop programs to promote the personal financial education of account holders of KIDS Accounts and the legal guardians of the account holders.

### ***S.1028, Military Personnel Financial Services Education Act of 2005***

This bill introduced in the Senate by Senator Hillary Rodham Clinton of New York and one co-sponsor in May 2005 proposes to amend title 10, United States Code, in order to enhance the protection of members of the Armed Forces and their spouses from unscrupulous financial services sales practices through increased consumer education.

The bill requires the establishment of a consumer education program for members of the armed forces as a component of their initial entry training; continuing as a component of each level of the members' professional development training that is required for promotion; and as a component of periodically recurring required training that is provided for the members at military installations. The act also calls for financial counseling and education to be made available to members and their spouses especially in reference to evaluating offers from insurance companies and other potential predatory lenders.

### **State Legislative Action**

The National Council for Economic Education and the Jumpstart Coalition have been leaders in the effort to promote state legislation mandating standards, instruction and testing for personal financial education in the schools. NCEE conducts a biennial survey of the 50 states to measure how state personal finance education standards, their implementation and state testing requirements have changed over the two year period. In the 2004 Survey, NCEE notes that improvement has been made in advancing personal finance education requirements in several states. Currently, 38 states report personal finance education standards, 21 of which require explicitly that the standards must be implemented. Seven states now require personal finance education for high school graduation and nine states require testing in personal finance. The full report, **Survey of the States: Economic and Personal Finance Education in Our Nation's Schools in 2004**, is downloadable from their website, [www.ncee.net](http://www.ncee.net). The Jumpstart Coalition provides a downloadable chart of legislative activities pertaining to personal finance and consumer issues by state which is updated frequently. The chart is available on the Jumpstart website, [www.jumpstart.org/legislation.cfm](http://www.jumpstart.org/legislation.cfm).

## **CHAPTER NINE**

# **GETTING IN SYNC WITH THE TIMES**

## **SUMMARY AND DISCUSSION**

As we have seen throughout this nationwide survey of personal financial education programs, public and private organizations have continued over the past five years to create and promote education initiatives to help Americans become financially literate. The goal is to awaken more people to their need to be financially competent—to plan, manage, save, and invest their money for life events, especially for retirement security in later life.

From the information we gathered and analyzed, factors that particularly influenced and accelerated the rapid nationwide spread of personal financial education programs included:

- The influence and support of national coalitions, public messaging, and dynamic partnering in every program sector.
- The availability of curricula and the willingness to make them widely available to program managers and educators.
- The support and increasing interest of the financial services industry in widespread personal financial training and education.
- The dedication of many departments and agencies within the federal government, the U.S. Congress, as well as states and local organizations.

Along with the rapid spread of programs, there is greater awareness of the need to become financially competent by individuals and families. Greater awareness exists too within the general society, including the commercial sector, financial institutions, academia, and government.

There have been many successful programs and initiatives started across the nation since 2000. Although financial education programs have grown and spread rapidly, many workplace programs have noticeably retreated to benefits-driven or Internet only education, and the need in colleges and universities has not been sufficiently addressed.

At the same time, problems still exist in takeup rates of educational offerings. In our former study, we suggested that programs should be targeted to specific populations and marketed vigorously. Despite recent initiatives and the personal financial education programs that are being formed to help consumers, many people are failing to take advantage of such education. There also is not enough participation in matched savings plans, such as 401(k) type plans. Research in both of these areas is now being conducted and we await the results.

In the 2005 Retirement Confidence Survey, only 69% answered “yes” to the following question: “Not including Social Security taxes or employer-provided money, have you (and/or your spouse) personally saved any money for retirement?”<sup>43</sup> There is reason here for real concern.

Responsibility for income security in retirement has largely shifted from government to individual, and for pension investment from employer to employee. Responsibility for health costs and health care also is being transferred increasingly by employers to workers and retirees. To prepare people for these societal shifts, financial education programs are aimed at various populations, and financial information is widely available to consumers through the Internet, employers, and the popular press.

The hope of most financial education sponsors is that when people are given more financial knowledge, they will choose to be prudent when making spending decisions. They will plan ahead, save more for retirement, and engage financial service professionals to help them navigate the maze of investment choices that confront them. This hope often does not square with the evidence.

### **Times Have Changed and Individuals Must Change Too**

When Federal Reserve Chairman, Alan Greenspan, said that “significant structural adjustments” to Social Security and Medicare may be needed in order to deal with the nation’s mounting budget deficit,<sup>44</sup> alarm bells went off in the heads of some consumers, but others barely noticed. In fact, many younger baby boomers and even more Gen-Xer’s have mentally written off these programs without even considering what better innovations might replace them.

The laws of motion as defined by Sir Isaac Newton and the great astronomer Galileo provide a framework for understanding inertia and momentum. Their wisdom indicates that a body at rest will remain at rest until moved by an outside force. The law of motion applied to saving and retirement planning suggests that if people do nothing to prepare for retirement, they are destined to get nothing.<sup>45</sup>

Some outside force must be necessary to push people to prepare for retirement security at a level that meets their needs. Unlike inert objects, however, people require some inner spark to generate the momentum that can propel them forward. In other words, the “outside force” of available financial education must be met by an “inner desire” to learn and to apply financial concepts.

As advertisers well know, consumer decisions—including the decision to become savvy about finances—are fueled by desire. This is true for everyone—*irrespective of a person’s general knowledge or education level*. Without a better understanding of how consumers make decisions—and what sparks their desire—efforts that try to help them navigate rapid societal changes are often ineffective. Without a better grounding in the principles of social change, however, it is difficult to identify—and help consumers themselves identify—the sparks that drive their consumption choices and their decisions to save.

## The Sociology of Personal Finances

There is a Chinese proverb that captures the problem perfectly: *If we don't change direction, we are likely to end up where we are headed!* Americans are living in a society that is profoundly changing. A study of the Internet sites that can be found in Chapter Eight is a case in point.

While the Internet was available as a tool in 2000, today it boasts educational sophistication and innovation that was unimaginable just five years ago. The same can be said about our nation's twin dilemma of pension and health care transformation, and in some cases, the fact that these benefits may be disappearing altogether. In 2000, the degree of responsibility for individual income security in later life could not have been envisioned by the average individual. Today, everyone must wake up to the financial realities, responsibilities, and opportunities that demand their attention.

### Keeping Pace with Social Change

Educators, policymakers and others need to be more aware of the sociology of personal finances and financial decision-making. Psychological reasons for “negative financial behavior” are being studied and analyzed.<sup>46</sup> Too little, however, has been acknowledged or studied about the social forces against which average Americans struggle to become financially literate. Educators and policymakers must realize that what they are teaching consumers is *to resist the dominant consumer culture*. As one financial educator commented:

*...our society as a whole has this immediate gratification thing. If I want something, I go out and get it. And we're not looking toward providing for our financial future. Future is off there somewhere, and our culture is not one to save—don't we save the least percent of any nation?*

In addition to cultural realities, recent societal change has re-engineered and collapsed companies, deregulated industries, reordered political and social priorities, and impacted people's employment and future financial security. It is now possible to zap money around the world at the speed of light; hire workers in many nations at lower wages; buy, trade, and sell assets of every class and type across the nation and around the globe, market to other countries and cultures; import affordable goods and services from all corners of the earth; and reduce the costs of production by downsizing, outsourcing, and supply-chaining.

The results of these cultural and societal shifts are personally profound for all but the most affluent Americans. They signal, as financial educators, policymakers, employers and benefits consultants know, that consumers must reexamine and reorder their attitudes, behaviors, habits, and financial decisions. While consumers

are being taught that they must become financially literate, however, society has not yet dealt with these impediments:

- Financial language is still shrouded in unnecessary jargon, legal structure, and mystery.
- Even educated consumers cannot understand their credit card and telephone bills, their insurance policies or their medical statements.
- Although credit availability has opened up a world of housing, cars, furniture, clothing, education, and pleasure to more Americans than would otherwise enjoy them, many credit and lending practices border on the deceptive.
- Many people learn not by threats and intimidation, but through encouragement, one-on-one counseling, and *patient* education that stimulates “you can do it!” self-efficacy, which is a hallmark American value, and
- Americans need to trust educators and advisors who help them become knowledgeable, technologically savvy, and confident enough to *want to* navigate the financial changes with which they must now learn to cope.

Consider these additional societal changes:

- Generations of American workers grew up without worrying about their finances during retirement years. Employers *competed* for employees by offering profit-sharing plans, family health care and defined benefit pension plans and unions negotiated these benefits on their behalf.
- Social Security and Medicare does not signal to older adults either second class status or “entitlement” in later life. Older adults believe they “bought and paid for” these benefits just as retirement and health benefits are “earned” in the workplace.
- Recent benefits trends are transferring responsibility for personal financial well-being back to individuals. However, some older workers, the disabled, the chronically ill, the self-employed, the downsized and outplaced, single parents, and grandparents with dependent children have yet to digest, or know what to do about, this new reality..
- When a company offers its employees a 401(k) or 403(b) plan, employees are already accountable for their own retirement preparedness whether they choose to participate or not.
- The opportunity to get a financial education is like *rain after a long drought* even though many consumers have yet to realize this. Until recently, bankers, mortgage bankers, financial planners, brokers, accountants, tax preparers and

other financial professionals disregarded consumers' desire or need to learn the details of their products and services.

- The “you’ll be taken care of “ assurances that permeated financial services, government programs, and employee retirement plans in the past led Americans to believe that they were secure enough not to have to question (or even to learn about these benefits), and so they did not.

## Financial Education in the Workplace

Workplace personal financial education continues to be the most important arena for reaching the most people. The rewards are numerous and mutually beneficial for both employer and employee. Respondents from workplace settings express gratitude to employers that sponsor such programs:

*“I’ve always felt blessed with the benefits that this company has provided.”*

*“I am grateful to the company for caring enough about the employees to make this investment in them.”*

Instead of increasing over the past five years, however, most employers have cut back on anything but basic benefits education. We would like to see this trend reverse, since we believe it is neither possible nor prudent, for business to move away from involvement in the traditional role employers have played in the economic security of American employees.

Employee benefits have always been geared to give advantage to employers as well as to employees. Workplace personal financial education is a relatively inexpensive but powerful tool that encourages and reinforces personal business skills—something we see as the same quality that builds profitable companies.

*“It not only helps your personal financial planning, but also helps you become a better business person.”*

Participants in our former study sample stressed they wished they had been exposed to courses sooner—some even spoke of making financial education mandatory:

*“I just wish I had had this course twenty years ago.”*

*“It is something that would have been better had we have had it, you know, several years ago, but you know that’s just something that didn’t happen.”*

*“I think that we should start financial planning for employees at a much younger age, because the end result is some of the things that we’re seeing in the benefits department with people who are retiring...they have no plans, they don’t have any financial planning background...it is a catastrophe.”*

We continue to think workplace financial education is good business for corporations and for all other organizations, both public and private. We recommend that organizations create and support multiple programs that, like those at Weyerhaeuser and UPS, appeal to a broad employee population—not just those in pre-retirement situations.

Some financial education researchers and advocates want employers to realize that a “business case” exists in favor of employee financial education. One approach involves a tie-in of wellness with financial education basics and predicts that employers can reduce escalating health benefit costs by offering combined education to employees. Another approach endeavors to convince employers that productivity rises for financially healthy employees.

We believe further promotion of 401(k) Plans are needed and that automatic enrollment is a good idea. Payroll deductions, after all, have worked in the past. They are not an entirely new innovation and will be welcomed by most employees. To the extent possible, Congress should provide incentives that (1) support employee financial education, (2) remove barriers to teaching about investments, and (3) boost savings within employer-sponsored retirement plans.

## **Financial Education in Faith and Community Settings**

While workplace financial education is likely to reach the most people, faith-based and other community organizations have enjoyed considerable success and growth during the past five years. Participants continue to be pleased with the education offered and to express delight with their newly acquired financial knowledge.

*“You have to go baby steps and that’s exactly what they teach here. It’s like little baby steps you’ve got to take with your finances. You know this whole thing is just coming together. It’s amazing how it happens. I could talk no end about it.”*

It is evident that participants learn not only from an educator in personal financial education programs but from one another as well. This seemed particularly true in faith-based and community-based educational settings.

*“And I can help somebody else. I want to learn more about the program. I want to teach it. No doubt. People have—when they own something—they feel good about themselves.”*

*“I have revamped my budget. I drive a ten-year old pick up truck. I could probably afford more, but why? I can be putting my money somewhere else. I upped my—I’m in mutual funds. I say, look, I want more for my retirement.”*

## **Selected Other Findings and Recommendations**

- Program leaders, managers, and educators reported in 2000 that they did not have adequate resources to design, evaluate, revise, or expand programs. Although inadequate resources may still be an impediment in some sectors, relevant curricula, qualified instructors, and prospective partners are more readily available in 2005 than they were in 2000.

The financial services industry—banks, mutual funds, mortgage banks, credit unions, and finance professional organizations—has joined national and local efforts to provide resources and to partner, volunteer, and otherwise become involved in meeting the financial education needs of consumers.

College and university programs do exist to teach students about credit and money management, but these programs do not begin to address the pressing need that still exists on campuses nationwide.

- Individual Development Accounts (IDAs) have grown from 200 programs in 2000 to more than 500 in 2005. These and other asset-building strategies are tracking substantial changes in debt and savings levels over time. Moreover, asset-development initiatives follow a prescribed set of desirable achievements: debt elimination, saving and investment, homeownership rather than renting, starting a small business, asset protection, and continuing education.
- Instructors of financial education programs recruited or drawn from financial services professions (e.g., financial planners, lawyers, accountants, estate planners, etc.) are less acceptable to some program planners than instructors from academic or counseling settings. We find, however, that while most participants strongly dislike being sold financial services or products by seminar or workshop instructors, they care most about the quality of the education and like being taught by financial experts.

## **Goodbye to Complacency**

Americans today can no longer afford to be complacent about their future financial well-being. Policymakers, employers, financial institutions, and financial educators cannot become complacent either. *The need for financial literacy education in the U.S. is on high alert.*

Simply living in today's Information Age requires an appetite for becoming financially literate. People must learn how to become more effective financial planners and managers, to communicate their needs and preferences, and to become more savvy consumers. They must learn how to deal with their confusions, their self-consciousness, their doubts about their abilities, and their fears about tomorrow.

For consumers, the American Dream has never been more attainable than it is today, but ordinary living has never been more complex. Personal financial education can become a guide to navigating financial complexity, assuming increased responsibility, sustaining well-being and achieving dreams.

Financial educators, institutions, volunteers, and professionals will increasingly be called upon to help Americans navigate the road to the New American Dream of self-sufficiency, which up to now has been unmarked by prior experience or ample education. While personal responsibilities continue to grow in all areas of people's financial lives, policymakers, financial institutions, and the universe of employers, union, benefits providers and consultants, must commit to helping Americans cope with the consequences of rapid, continued, societal change.

# Appendix

## Matrix of Personal Financial Education Initiatives

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>JumpStart Coalition for Personal Financial Literacy</b></p> <p>A coalition of nearly 200 organizations in the corporate, nonprofit, government and education sectors committed to improving the personal financial literacy of children, youth and young adults in the U.S. through coordinated education and legislative initiatives.</p>	<p>American Financial Services Association (AFSA) sponsored 2-day symposium on youth money management in Dec. 1995, followed by periodic meetings. Symposium participants saw that while “how to” materials were available, good coherent, cooperative and comprehensive programs to teach youth to manage money were lacking. Led to establishment of the Coalition. First referred to money management issues as <i>financial literacy</i> in May 1997.</p>	<p>Grants and donations in widely varying amounts from foundations and corporations. Partner organizations often donate in-kind services, and all state coalitions’ officers and partners volunteer their time in their individual states.</p>	<p>From 30-35 partners in 1997, the Coalition today has over 180 corporate and non-profit partners. The national and 51 state (including District of Columbia) coalitions promote financial literacy through press releases, newsletters, conference presentations, and legislative testimony. Coalition director frequently interviewed and quoted in newspaper and magazine articles.</p>	<p>Program: semi-annual national Survey of Financial Knowledge of 12<sup>th</sup> graders; develop, disseminate, and encourage use in K-12 of National Standards in Personal Finance; and promote the teaching of personal finance. Website offers clearinghouse/database of personal finance resources available from a variety of education providers such as government, business and non-profit organizations Also offers training resources for teachers.</p>	<p>JumpStart has brought the issue of and need for youth financial literacy to national consciousness . Coalition’s National Standards in Personal Finance have become the coherency agent as most new personal finance education materials are correlated with them; state departments of education use them in developing state standards and benchmarks. Coalition was influential in Federal designation of April as Financial Literacy Month and in numerous state legislative actions.</p>
<p><b>American Savings Education Council (ASEC)</b></p> <p><i>Chose to Save</i>©</p> <p>A national coalition of public- and private-sector institutions committed to making saving and retirement planning a priority for all Americans Sponsors the <i>Chose to Save</i>© program and partners in many campaigns.</p>	<p>Created in 1995 as a program of the Employee Benefit Research Institute Education and Research Fund (EBRI-ERF); grew out of discussions between representatives of the U.S. Department of Labor (DOL) &amp; EBRI in late 1994, as DOL prepared to launch its Retirement Savings Education Campaign with the U.S. Department of the Treasury and 65 public-and private-organizations</p>	<p>Contributions from ASEC’s public and private sector partners</p>	<p>ASEC has promoted personal and collective financial security awareness using the leadership and efforts of its coalition of major public and private-sector partners to share information on best practices and to collaborate on financial security initiatives</p>	<p><i>Chose to Save</i>® is a public awareness campaign comprising television and radio spots and public announcements, written materials on related topics, resource and contact lists and calculators</p>	<p><i>Chose to Save</i>® campaign now runs in all 50 states on television and/or radio stations , through leadership and partnership ASEC has been a major contributor to many national campaigns and educational movements: <i>Savings Matters</i> campaign, now in its 10th year; <i>Facts on Saving and Investing Campaign</i> in 1998; <i>Save For Your Future</i>® national education campaign 2003; Lead resource organization for the 2005 White House Conference on Aging Mini-Summit “Financial Literacy Throughout the Lifecycle.” And many others.</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>National Endowment for Financial Education (NEFE)</b></p> <p>The National Endowment for Financial Education® is a non-profit foundation dedicated to helping all Americans acquire the information and gain the skills necessary to take control of their personal finances..</p>	<p>NEFE partners with other concerned organizations to provide financial education to members of the public— especially underserved individuals whose financial education issues are not being addressed by others</p> <p>NEFE evolved from the College for Financial Planning and in 1997 the NEFE board set NEFE’s focus and mission on service.</p> <p>All organization's activities are driven by NEFE initiatives which have been established to advance the foundation's public-service mission. These are developed as significant financial education needs are identified within the public at large, or among subsets of the general population</p>	<p>The Endowment which funds NEFE was created in the 1997 reorganization. NEFE offers grants for projects and research and also partners with others including : American Express Foundation's Economic Independence Fund and the NASD Investor Education Foundation Grants Program</p>	<p>NEFE is composed of four distinct areas that define the foundation's scope and guide its activities. These areas include: 1. Education Programs incorporating the NEFE High School Financial Planning Program®: Collaborative Programs - develop, &amp; make available personal financial literacy materials as a public service; Multimedia - interactive part of NEFE website created as a resource for general public &amp; organizations seeking basic, personal finance information; and Innovative Thinking- supports fellowships, grants and research</p>	<p>NEFE and its partners have develop a number of curricula for a variety of audiences including youth, women, IDA programs</p> <p>Materials are available in printed and in some instances, on line.</p>	<p>NEFE has collaborated with numerous organizations to provide both general personal financial education and materials for special needs groups from those caring for Alzheimer’s patients, Native Americans, transitional and homeless , and others</p> <p>Publishes NEFE Digest to inform of new programs being developed and available and publicize upcoming grant and research opportunities.</p>
<p><b>Investment Company Institute Education Foundation (ICIEF)</b></p> <p><b>Investing for Success</b></p> <p><i>Investing for Success</i> is a multifaceted program launched in 2000 that promotes the benefits of long-term investing and strengthen investor awareness within the African-American and Hispanic communities.</p>	<p>Formed in 1989, the ICI Education Foundation (ICIEF), the educational affiliate of the Investment Company Institute, partners with government agencies and other nonprofit organizations to help promote or enhance investor awareness on behalf of the mutual fund industry. Since 2000, the Foundation's primary focus has been the <i>Investing for Success</i> program and partnerships with National Urban League, Society for Financial Education and Professional Development (SFEPD) and the Hispanic College Fund(HCF).</p>	<p>Efforts supported by the Investment Company Institute.</p>	<p>ICIEF partners with the SFEPD and HFC to distribute <i>Investing for Success</i> materials at historically Black colleges &amp; universities and to Hispanic students; Available to Nat’l Org. of Blacks in Government, .Nat’l Assoc. of Hispanic Journalists, Money Means Financial Conference for Black Women. the annual conferences of National Urban League, Congressional Black Caucus Fdn, &amp; Congressional Hispanic</p>	<p>The <i>Investing for Success</i> program offers 3-hr workshops, cosponsored by ICIEF partners free of charge and online (in English and Spanish). The U.S. Securities and Exchange Commission is invited to each workshop and contributes materials. The workshops are presented, on behalf of the partnership, by African-American or Hispanic investment professionals from local Investment Co Institute member firm.</p>	<p>More than 4,400 participants in workshops sponsored with the National Urban League alone. Scholarships for Hispanics and students at historically Black colleges and universities. ICIEF now partnering with the Foundation for Investor Education which sponsors the Stock Market Game used in schools nationwide reaching more than 16,000 teachers and 500,000 students to date.</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>Consumer Bankers Association (CBA)</b></p> <p>Conducts education, research and federal representation on retail banking issues.</p>	<p><b>CBA</b> was founded in 1919 and is concerned with issues such as privacy, fair lending, and consumer protection legislation and regulation. <i>CBA ASaP Research</i> reports conduct client-requested research initiatives on behalf of CBA’s membership of leading financial services institutions. CBA members include most of the nation’s largest bank holding companies as well as regional and super community banks that collectively hold two-thirds of the industry’s total assets.</p>	<p>CBA member institutions</p>	<p>Caucus Inst.</p> <p>Since 2001, CBA has conducted a <a href="#">Survey of Bank-Sponsored Financial Literacy Programs</a> to measure the magnitude of these programs and to examine, in detail, the range of bank efforts. With the increased legislative and regulatory focus on financial literacy, CBA has added this annual survey to its top lobbying and educational initiatives</p>	<p>Annual financial literacy survey of member programs informational reports and studies for member institutions and the public.</p>	<p>Reports and research provide advocacy and information for both consumers and state and federal decision-makers</p>
<p><b>American Institute of Certified Public Accountants (AICPA)</b></p> <p><b>360 Degrees of Financial Literacy</b></p> <p>Most recent of many AICPA financial literacy efforts, 360 Degrees of Financial Literacy is a multi-faceted effort to educate the American public, from school children to retirees, on financial topics that apply specifically to their particular stage of life.</p>	<p>The AICPA is the national, professional organization for all Certified Public Accountants.. Through the years, the AICPA Foundation has supported many efforts to advance financial literacy in America . Projects include the <i>Disaster Recovery Guide</i> , the <i>Penny Wise</i> and <i>Business Building Blocks</i> PBS YOU television programs, partnership with Bigchalk.com to deliver education materials, and the Jump\$tart Coalition's Financial Smarts for Teachers . One of six orgs sponsoring Project for Financial Independence, a multi-organizational pro bono financial planning effort offering free financial guidance to individuals who cannot afford a financial advisor, or have an immediate or unusual financial need</p>	<p>360 Degrees is spearheaded by the AICPA, with the support of state CPA societies</p>	<p>360 Degrees of Financial Literacy is a national effort to improve the financial understanding of Americans; offers financial education, focusing on the information that people need at each stage of their lives, from childhood to retirement</p>	<p>360 Degrees program has website with personal financial education pieces geared to individuals and families at each life stage including: childhood, military, homeownership, retirement, marriage and couples, sandwich generation, entrepreneurs, life crises and parenthood. The site is also organized to respond to special issues like financial considerations for women and for those who are looking for information on specific topics like taxes or investing. Also includes an interactive “Ask the Money Dr.” advise section.</p>	<p>AICPA, AICPA Foundation, National CPA Financial Literacy Commission and many coalitions and partnerships have provided financial education opportunities, financial planning assistance and advocacy for thousands of Americans.</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>Experian</b></p> <p><b>Public Education programs</b></p> <p>A consumer education series developed by credit industry in response to need for better consumer service and perceived lack of public's knowledge about credit issues.</p>	<p>In the early 1990s, felt need to increase consumer service Consumer credit card use had boomed faster than industry had ability to handle. To address both problems consumer assistance and education was consolidated and coordinated education outreach program targeted to consumers. Research, focus groups, and experience of customer service dept showed that consumers' problems were partially caused by lack of knowledge - led to credit outreach program. Also found that people did not care about credit until a problem arose, so program focuses on teachable moments, life-changing events that affect credit.</p>	<p>All funding is internal Experian funding. While all products were developed internally, they established partnerships for distribution to better leverage their resources, including the American Bar Association and Call for Action. Experian, through Public Education, is a strong and long-term participant and supporter of the LifeSmarts program with the National Consumers League.</p>	<p>The program produces publications that are widely distributed to target groups and to requesting teachers and has limited distribution of several PowerPoint presentations. It also has an educational website. They are planning to put all their publications on the website in PDF format. Publications are advertised through targeted mailings, announced on websites, conference presentations, and Jumpstart Coalition Clearinghouse.</p>	<p>Content ideas also came from Experian's customer services problem cases. The Credit Crossroads series, Credit Scores, and Credit Fraud and Redress are all still available. The "Divorce and Money" publication is distributed by divorce attorneys to their clients. All publications and the website are used as background information by teachers. PowerPoint presentations are used by credit counselors in train-the-trainer programs.</p>	<p>Public Education has been "extremely successful". The number of years that Experian has supported Public Education shows the company's commitment to educational outreach</p>
<p><b>American Bankers Association Education Foundation (ABAEF) "Teach Children to Save" Program</b></p> <p>ABAEF provides leadership and banker resources to teach children and adults about money, the foundation sponsors Consumer Connection on the web with information about banking services and personal finances. Teach Children to Save is a K-6 program of bankers teaching banking and savings in classrooms using ABAEF developed Resource Kit.</p>	<p>Program developed 1996, first offered 1997 to teach students about saving and money management and make teachers aware of ABAEF programs available through their local banker. Informal assessment by talking with ABA member bankers and classroom teachers. Many bankers were interested in teaching banking and savings in their local school classrooms, teachers did not know ABAEF had lessons available to teachers. . Two college students developed public awareness campaign as course project.</p>	<p>All funding for the ABAEF and its programs comes from the ABA, a trade association that brings together all elements of the banking community to promote the strength and profitability of the industry. Bank employees volunteer to teach program in local K-12 classrooms using ABAEF Resource Kit.</p>	<p>Since first year, over 20,000 bankers have reached 1.25 million students nationwide. In 2004-2005 school year, over 5,000 bankers taught basic money management and savings to over 202,000 K-12 students.</p>	<p>Program uses "Real life" lessons about saving, interest, difference between needs/wants, importance of budgeting, taught by bankers in K-12 classrooms,. Other programs offered: 1. "Get Smart About Credit" for teens &amp; young adults - video, worksheets, activities, &amp; identity theft info. Presented by bankers in classrooms,. 2. "Money in Motion" A series of financial literacy lessons for grades 7-12 developed with Scholastic Inc. (downloadable at www.scholastic.com). 3. <i>Money Talks</i> - a 5 newsletter series with advice, ideas &amp; activities for children</p>	<p>Established National Teach Children to Save Day in April. Resource Kit is updated periodically with new lessons; it is undergoing a major updating and revision for the 2006 Teach Children to Save Day. Program successful primarily because of strong involvement by bankers. Initiated "Let's Do More in 2005" challenge to banks to increase their financial education by 10%; over 750 banks met the challenge.</p>
<p><b>U.S. Army</b></p>	<p>Created in reaction to leaders'</p>	<p>No major funding</p>	<p>Current challenges are</p>	<p>The Army Personal Financial</p>	<p>Customer records revealed</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>Consumer Affairs and Financial Assistance Program (CAFAP)</b></p> <p>CAFAP offers a wide range of services to assist soldiers and their families with their financial and consumer affairs. Emphasis is placed upon the training portion of the program designed to educate soldiers and their spouses in money management, proper use of credit, financial planning, deployment, transition and relocation, insurance, and check writing principles</p>	<p>responsibility to guide soldiers through financial difficulty, CAFAP has evolved into program that cultivates soldiers' economic stability &amp; growth. Program developed with a Life Cycle approach, emphasizing life long learning and web-based programs as much as possible. Now provides more inclusive program for spouse and looking at programs for youth as well.</p>	<p>increases since 2000. New challenges: to keep staffing rates up, how to get information to families more effectively, and to help activated reserve component, 1/3 of which had higher civilian pay.</p>	<p>how to effectively help large number of families of deployed soldiers necessitating more emphasis on family deployment needs and issues and increased Army Emergency Relief requests and getting new, young soldiers educated within the framework of war preparation</p>	<p>Readiness Training - 8-lesson, 8-hr program : budgeting, investing, large purchases. Part of Basic Training (2 hrs), AIT (Advanced Individual Training) (2 hrs), &amp; First Permanent Duty Station (first duty station) (4 hrs). Required for all soldiers. (Some take it online) CAFAP counselors offer on-going workshops to soldiers and spouses. Debt liquidation program offered. Much being moved to Army Community Services website (goasc.org), include info on saving, budgeting, investing; financial calculators; &amp; an online training center. Also at myarmylifetoo.com. All training will be available online. Skilled counselors (many Accredited Financial Counselors) work one-on-one with soldiers &amp; spouses.</p>	<p>that soldiers' total indebtedness in 1999 was nearly \$37 million. CAFAP services helped reduce soldiers' debt by more than \$11 million by spring 2002. Impact of first term training is determined through focus groups CAFAP wants to develop a pre-and post-testing program in the Financial Readiness Training. Army MWR (Morality, Welfare, and Recreation) Leisure Needs Survey now includes financial services questions</p>
<p><b>Women's Institute for Financial Education (WIFE) Money Clubs Program</b></p> <p>A network of small local clubs to empower women to deal more effectively with money. Money Clubs provide information &amp; support women need to set their own financial course.</p>	<p>Feed back from WIFE website readers, Second Saturday Workshop participants, and presentation audiences indicated that many did not understand how personal finance knowledge applied to them. Money Clubs, a network of locally-based small groups went online in March, 2003, WIFE began publicizing them in September, 2003 Money Clubs Program plan focused on program and resource needs after studying psychology, how, &amp; why other programs work;</p>	<p>Started with founders' personal funds, corporate donations, sale of publications &amp; all of speaking honorariums; Visa their "money angel"; founders &amp; many women volunteer time to Women's Clubs.</p>	<p>Currently 20,000 people have signed up for 150 organized Money Clubs; goal to have 30,000 signed up by Sep. 2005 and eventually 1 million actively involved in Money Clubs.</p>	<p>Program encompasses all areas of financial literacy in context of women changing their financial lives one step at a time; each Money Club chooses a specific topic for each monthly meeting often from the Money Club Guidebook; also offers "Money Club Makeovers" where empowering email is sent daily for 21 days.</p>	<p>Program well received. Challenge to get the word out about Money Clubs with no budget; publicized on WIFE website, women like to share &amp; help others, simple yet powerful program; feedback only through website; founders keep in contact with Money Club leaders; Impact indicators include reported number of participants, emailed reports of club achievements, self-reported increases in financial skills &amp; knowledge</p>
<p><b>Society for Financial</b></p>	<p>There was a perceived need to increase</p>	<p>Funding has been</p>	<p>The seminars are free of</p>	<p>.An "Upside Down"</p>	<p>The program has been very</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>Education and Professional Development “Money Watch” Seminars</b></p> <p>A program to educate college aged minorities in the practical application of personal money management techniques and strategies that inspire and encourage individuals to “take ownership” of their financial future</p>	<p>personal finance knowledge in the African American community. Focuses on students at traditionally Black colleges and universities to increase their knowledge and give them the confidence and belief that they can achieve financial security. Assumed that through students the information will reach their families and the community</p>	<p>provided by Visa, Fannie Mae Foundation, Capital One, NASDAQ, State Farm Insurance, and ICI Education Foundation. Initial funding was supplied by the founder. The ICI Education foundation ’s Investing for Success program is part of Personal Finance Management seminars</p>	<p>charge. The schools agree to promote the seminars and guarantee attendance. In 2004-05 seminars were presented at over 51 colleges and universities; over 8,000 students in 2003-2004 ; 20 colleges and universities used the Credit Management one hour seminar in new student orientations and first year experience courses reaching 4,000 students.</p>	<p>approach is used: Starting with credit management, then saving and investments and how to become a millionaire. After getting students’ attention to show that successful financial management is possible, seminar introduces goals &amp; budgeting. A team of five professionals led seminars; Format is PowerPoint presentation and participant activities. Each seminar is 1-1.5 hrs; a minimum of students attending</p>	<p>successful because it has very good products,-students respond positively in the seminars, faculty members like the seminars In the 2004-05 seminars, many students are signing up to be part of a newly initiated 3-yr follow-up study</p>
<p><b>Crown Financial Ministries (CFM)</b></p> <p>Group offers Christian non-denominational financial education delivered in seminars, small groups, and through “Money Matters” talk radio broadcasts</p>	<p>CFM is result of merger of Crown Ministries &amp; Christian Financial Concepts (CFC) in 2000. Both had faith based financial lit programs, Crown focused on small church based study groups, CFC taught through seminars and a talk radio show. CFM combined these; now offer all formats plus budget coach training &amp; certification, get out of debt program, an online chat room for coaching &amp; info for small bus. owners.</p>	<p>Most field operations raise their own support, some funds from private donations, “ministry partners” , Sales of course materials &amp; seminar fees; trainers &amp; area coordinators are volunteers – often full time ; meeting space provided by churches</p>	<p>Seminars average 40 participants; program publicity in newsletters &amp; on radio .Small-group study for adults, teens, implemented by churches for their members; city team planning; church coordinators; <u>in each area</u>, 75-100 participants up to 3 times a year. Materials in Spanish, African Caribbean, Ethiopian and Chinese for international programs</p>	<p>One day seminars, 10 week small group course for churches, area budget coaches for 1 on 1, &amp; pre-packaged study programs. All courses emphasize Christian biblical foundation,(but does not “evangelize”), stress “stewardship not ownership” and service. Website offers access to study materials, &amp; network of local contact people.&amp; radio streaming.</p>	<p>CFM has a nationwide network; train &amp; certify budget coaches for people in financial crisis Program adding new churches, more inner city churches Organization has international scope and has set a goal of reaching 30mill people worldwide by Sept 15 2015.</p>
<p><b>Michigan Earned Income</b></p>	<p>2003 national statistics showed many</p>	<p>2002 MI EITC Summit</p>	<p>Coalition estimates that</p>	<p>Tax preparation site</p>	<p>Survey of 487 tax clients in</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>Tax Credit Coalition EITC</b></p> <p>The Michigan Earned Income Tax Statewide Coalition is committed to supporting work and reducing poverty for Michigan's low to moderate income individuals and families through means that garner all tax credits and refunds, maximize the value of all income tax credits and refunds, promote asset building, and work toward financial security.</p>	<p>qualified MI citizens weren't filing tax returns to get EITC. MI Cooperative Extension, Governor's Office &amp; Detroit IRS staff developed the Coalition initiative and tax prep program. Coalition goals: strengthen access to affordable, ethical tax prep services for working poor; maximize value of income supports for working households, advocacy &amp; legislative action for policies advancing financial security for working poor. Program initiated in 2002, piloted in 4 counties in 2003.</p>	<p>resulted in Legislature earmarking Family Independence Agency funds for a 2-year contract to establish the MI EITC Coalition to set up tax prep programs &amp; local coalitions statewide. 2005 state budget funds for tax prep programs allotted for MI Consumer Action Agency, none for Coalition; has hired a Director to develop strategic plan &amp; budget for 2006 EITC program.</p>	<p>in 2005 tax season, volunteers contributed 27,000 hours in helping 16,000 qualified taxpayers that generated \$15 million in EITCs through 15 local coalitions that run tax preparation programs serving 27 counties.</p>	<p>volunteers trained by IRS to prepare personal taxes &amp; how to work with tax filers. IRS doesn't ask volunteers to provide financial education because would make it hard to get volunteers. Coalition found tax filers did not want to hear other financial information.</p>	<p>pilot counties found receiving EITC raised income 13-18% &amp; 75% of people spent all of this increase on basic living expenses. Program very successful. Tax returns completed doubled between 2004 and 2005 and household incomes increased by as much as 23%.</p>
<p><b>Michigan Thumb Area Regional Individual Development Account Program</b></p> <p>Program to provide greater opportunities for low-income Michigan individuals and families to become self-sufficient through the ownership of stabilizing assets.</p>	<p>TNC Credit Union saw need for IDA program in area north of Detroit but had to find right target market, identify applicants' major credit issues &amp; find funding for admin costs. IDA Regional Program started 2000-01 through a MI IDA Partnership grant. Home Buying/ financial education course required for participants. Oakland-Livingston Human Service Agency (OLHSA) started 1<sup>st</sup> area IDA program. MI IDA Partnership goal: 1500-2000 IDA accounts in 3-5 years. 25 IDAs in 3 years in Thumb Area Region.</p>	<p>OLHSA &amp; other agencies received grant to establish MI IDA Partnership through which regional program functions. Major funding sources for operations &amp; account matching: federal grant requiring matching non-federal funds from AFIA (25%), MI State Housing Development Authority within MI Family Independence Agency (50%) &amp; Michigan (25%).</p>	<p>Between 2001 &amp; March 2005, 271 IDA accounts are still active or owners have purchased asset, and 40-45 IDA accounts set up within last year at region's 9 program sites. IDAs advertised through MI IDA Partnership's public relations program including press releases and brochures distributed in home buyer &amp; money management classes.</p>	<p>Financial management course topics are predatory lending, savvy consumers, credit, banking products, pay self first, budgeting, property insurance. Uses a pre-packaged workbook participants take home and presented in evenings and on Saturdays.</p>	<p>Recent program evaluation found that participants' credit scores and financial knowledge increased. MI Institute for Social &amp; Econ Dev surveys IDA account holders and reports annually. The Michigan Legislature provided a line item appropriation in the 2005-06 budget of an additional \$200,000 to support IDAs</p>
<p><b>Weyerhaeuser Co.</b></p>	<p>Program started in 1986 Report</p>	<p>Program has its own</p>	<p>4 different programs</p>	<p><i>Life-Planning 101</i>: series of</p>	<p>Considered very successful</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>Pre-Retirement Planning Education</b></p> <p>A three part financial education series:  <i>Life-Planning 101</i>  <i>Investing in Your Future</i> ( a field version is also offered) and  <i>Healthy, Wealthy, Wise</i></p>	<p>prepared reviewing diverse program models for of retirement planning programs including costs, methodologies. Many models were reviewed during planning period. Program placed within the Employee Benefits Group which justifies employees taking time away from work to attend classes. Dir. Employee Benefits supervises program</p>	<p>budget funded by the company. For programs conducted away for headquarters, budget includes travel costs, refreshments and room. Some speakers are paid, some volunteer.</p>	<p>currently reach 1,000 employees. Courses are offered twice a month at headquarters and usually able to reach 12 field locations per year. Offered to all employees salaried and hourly. Programs are considered long-term. Current goals is to bring education to all 45,000 Weyerhaeuser employees</p>	<p>3 - half-day sessions covers financial planning, retirement &amp; estate planning. For employees under 40 yrs &amp; held at co. headquarters.  <i>Investing in Your Future</i>: 1-day program for employees 40-50 yrs old. Includes Life Planning 101 topics plus health &amp; wellness, Social Security &amp; long-term care. held at co headquarters.  <i>Healthy, Wealthy, Wise</i>: 2 &amp; 1/2 day program conducted at headquarters for employees 50 yrs &amp; older. Same topics as above, in more depth &amp; in context of planning for life in retirement.&amp; discussion of non-financial issues .</p>	<p>and highly regarded by management and employees alike. Success attributed to maintaining high standards of leadership. Main challenge has been to find professionals to cover financial planning and estate planning topics when making presentations at field locations  Program has become well known &amp; admired, administrators frequently asked to present their programs at conferences</p>
<p><b>YWCA of Greater Pittsburgh Pittsburgh, PA</b></p> <p><b>Financial Empowerment Classes</b></p> <p>A four part personal financial education series offered to the Y's IDA participants and the general public.</p>	<p>Started as pilot in fall of '03 to enhance Asset Development's <i>Family Savings</i> program; began by researching accessibility of area financial ed. programs and how to reach more individuals; tried to be mindful of not duplicating already available programs, did research to get a true picture of what is already out there and identified what they perceived as the gap reviewed existing programs for content and developed a four seminar series.</p>	<p>Heinz Endowments grant funded phase I, nominal fee charged for each session, free to IDA participants as it is a requirement of their program. Expert speakers and some materials came from partnerships with local financial institutions</p>	<p>Series of four sessions, approximately 1 ½ hrs each are offered every six weeks. Originally targeted low income single mothers, working families but have seen interest widen into middle income group; have been especially aware of African-American cultural sensitivity, very diverse groups including Islamic, some Hispanic and Asians; try to be careful that info and techniques are not exclusive.</p>	<p>Increasing participants knowledge in areas of: money attitudes, budgeting &amp; saving, (asset building) credit &amp; credit repair, consumer rights and protection; Uses lecture and hands-on techniques, discussion and sharing in small groups seems to be key for effective learning; classes held evenings at 2 Y locations, 20 to 24 participants each session</p>	<p>Program success measured in part by increased requests for training from other non-profits and increased enrollment; for those in Asset Development program progress is tracked for two years; responses from participants indicate more specialized information ( a second level of instruction would be helpful, along with a "networking" component for long term support in changing behaviors. Y staff are seeing more calls for advice and information from a wider, regional public</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>Good City Chicago (formerly MidAmerican Leadership Foundation) Asset Builders CDC Chicago, IL</b></p> <p><b>Financial Literacy programs.</b></p> <p>Faith-based organization offering financial literacy program through community organizations, government agencies as part of Asset Building projects.</p>	<p>Group of faith-based orgs. and community partners launched MidAmerican in May '99 in response to dire economic situation in core city areas. CED program incl. asset bldg (IDA), fin. Lit. training, community bldg, workforce prep &amp; enhancement, business &amp; entrepreneurial opportunities: Need determined thru assessment of area indicators – drop in investments, high unemployment, increased crime, etc. &amp; influence of consumerism” on individuals feelings of self-worth. Community Econ. Dev (CED) program split off to become Asset Builders CDC in November 2004.</p>	<p>Funding comes from contracts for services, community foundations, churches ,gifts; partnerships include fin. institutions, comm grips, faith grps; most fin. lit classes taught by volunteers; funding often directs where they can work” even the faith-based programs often need to develop partnerships with other groups (non-faith) to create support needed for programs</p>	<p>Mission remains revitalize existing &amp; establish new partnership w/ leaders &amp; orgs committed to rebuild Chicago communities thru the “ministry of asset building”; Changes began as early as 2002 because they were asked to work with more varied and non-faith based groups – neighborhood coalitions, city housing authority and refugee groups. CDC spin-off reflective of successful growth.; primary focus is financial education and growing the IDA programs</p>	<p>Almost 800 participants, 545 are IDA; involved in a long-term (5 yr) refugee (IDA) program; originally had goal of serving 30-50 families now have 120 in program Although <i>Faith &amp; Finances</i> still used, have adapted U of IL ‘s <i>All My Money</i> for non-faith based groups., developed addenda to curriculum in response to cultural / language differences. Curriculum covers wide range of personal finance issues and stewardship concepts; expert-led, classroom setting, small peer grps ; 1 ½ to 2hr sessions, 1 to 2 sessions per wk for 1 yr.</p>	<p>Program’s strength to some degree resides in relationships developed; IDA participants are tracked for term of savings program; although recognize need for long term evaluation on changes in participant’s life, they are limited (as most non-profits) in funding for staff to do the follow-up. Success in revitalizing Cabrini-Green area and other projects fuel new work.</p>
<p><b>Pennsylvania Council on Economic Education (EconomicsPA)</b></p> <p><b>Mon Valley School Project</b></p> <p><i>The Stock Market Game, and Financial Fitness for Life(FFL)</i> - training for classroom teachers of middle school children.</p>	<p>Piloted in 2004, teachers in the Mon Valley were recruited for training in <i>FFL</i> and <i>Stock Market Game</i>; and student/parent activities started to raise awareness and need for personal finance ed. currently in 4 middle schools. Designed to infuse financial literacy into existing math, social studies &amp; business ed. curriculum; family ed. initiative to be developed. Economics Pennsylvania promotes economic education by helping students become entrepreneurial: productive; prudent savers; knowledgeable investors; wise consumers and competent decision makers</p>	<p>The Mon Valley project was started with support from Heinz Endowments, EconomicsPA and University of Pittsburgh. Volunteers from financial institutions assist in teacher training sessions.</p>	<p>Original target was Mon Valley school system because of perceived need, many poor, disadvantaged families, families who are victim of predatory lenders, dependent on government, high job turn over</p>	<p>Teacher trainings offered in several formats, some all day workshops, most given after school, 17 workshops offered over the course of the school year for teachers. Usually begin with <i>Stock Market Game</i>. Teachers bring game to classroom. <i>FFL</i> is infused into math and other regular curriculum items and at the Middle school topics include: Saving/investing, Budgeting, Money Management, Consumer education &amp; protection, Use of credit, debt reduction, some housing issues, Financing higher education</p>	<p>Planned evaluation of test scores in academic areas to determine overall impact of program - EconomicsPA plans longitudinal study of programs. <i>Stock Market Game</i> received enthusiastically by teachers and students; strengthened group decision making and communication skills as well as awareness of financial issues and importance of saving and budgeting for students.</p>

PROGRAM DESCRIPTION	INCEPTION & DEVELOPMENT	FUNDING AND RESOURCES	SCALE, PARTICIPANTS & STRATEGY	PROGRAM CONTENT, PEDAGOGY, DELIVERY	PROGRAM IMPACT
<p><b>Building United of SW Pennsylvania (BUSP) Pittsburgh, PA</b></p> <p>A three pronged faith based initiative to provide financial literacy, credit repair , and homeownership opportunities in at-risk Pittsburgh neighborhoods: Faith Saves (through Consumer Federation of America(CFA)), Credit Counseling (through Neighborhood Housing Services) and First time homebuyer program (with Countrywide Mortgage)</p>	<p>Organized in 2002 to create affordable housing opportunities brought America Saves program from CFA; the Board of Directors is made up of representatives of faith communities. CFA and BUSP named program.Faith Saves; was added to encourage saving habits through church environment as compliment to homeownership project. BUSP purchased 45 HUD units to demolish/renovate for homeownership program; since inception have realized that “saving more money” alone is not enough and seen the need for a more comprehensive financial literacy program and more one on one work. Also now looking to develop an asset building program to build on Faith Saves and facilitate homeownership.</p>	<p>Financial literacy program funded by Heinz Endowments, partnerships with a number of public and private financial institutions provide support for housing development.</p>	<p>Planned to reach 150 area churches in two years and have 20 new homeowners, an average of 12 participants per class – course is covered in 6 classes; specific neighborhood targeted for homeownership, financial literacy program aimed at wider participation</p>	<p>Faith Saves program involves savings pledge and some follow up, also use workbooks from Dave Ramsey debt elimination program and expert speakers for some sessions (volunteers from financial institutions) Most groups meet in churches but some meet in other community locations; sessions started every three weeks.</p>	<p>Some homeowners now qualifying for mortgages, leadership is reviewing program, expanding staff and staff training and looking to make financial literacy program more comprehensive.</p>
<p><b>New York Association for New Americans (NYANA) New York, NY</b></p> <p>IDA (Individual Development Account) programs for new Americans incorporating financial education with asset development/matching savings program. Largest IDA program in NY state according to Statewide Emergency Network for Social and Economic Security.</p>	<p>Program initiated in 1999 by Business Dept of NYANA. NYANA’s mission is to help newcomers achieve economic self-sufficiency, social integration, &amp; citizenship in shortest possible time. IDA goal is to assist refugees in accumulating assets &amp; understanding the U.S. financial system. It is very important to show that this program is good for community. Program is in Business Center – IDA is 1 of 2 main programs</p>	<p>Funds/resources from contracts &amp; gov’t grants, Foundations, United Way, program fees. Partner with CCCS. Use vols. Challenges: changes in political environment continue to shift focus, but need remains; variety of funders can result in conflicting or competing requirements, program now partners with Citibank for asset development projects. IDA matched 2 to 1 up to \$4,000 for family, \$2,000 for individual</p>	<p>Program serves refugees, Cuban and Haitian entrants and adjudicated political asylees. Average about 160 participants per yr. Clients are saving more than anticipated - between \$25-200 /mo. with more at upper end. IDA can be used for housing, technology, micro-enterprise or further education; vehicles are no longer part of the program. Must use IDA account funds within 12 months of completing the program</p>	<p>Manual by CFED about IDA development. Two 3 hr. seminars, Use “Basics of Money &amp; Assets” from Women’s Self-Employment Project in Chicago. Classes held at NYANA’s office in Manhattan. Consumer protection &amp; rights are most important topic; use expert led and staff trainers in classroom setting with seminar format, one on one counseling ,career counseling &amp; homeownership/credit repair work. Participants must be working to qualify for program</p>	<p>Immigrants becoming more aware of the U.S. financial system; savings rate higher than first expected. Between inception in 1999 and March 2005, 562 families and 237 individuals have enrolled; 643 have successfully completed the program, 86 active. IDA’s used for: education 24%, homebuying/repair 17%, Microenterprise 23%, computer 18%, vehicle 18% (now eliminated from IDA program).</p>

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## ABOUT THE INSTITUTE OF SOCIO-FINANCIAL STUDIES (ISFS)

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ISFS has developed the concept of "Mattering in the Workplace" as a means of measuring whether and how much employees feel valued by the organizations for which they work.

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