

# Nefe Digest

Spring 2015

## Financial Education 2050



**W**hat will financial education look like in the year 2050? What could it look like? What if we put our most innovative thinkers in financial education, classroom teaching, online education, technology and behavioral science to work preparing the next generation of Americans to not only survive, but to thrive financially?

This year NEFE will tap experts, examine research and survey our communities to explore the role of technology in shaping the financial capability of future Americans. In this issue, we start by seeing how far we already have come. Stay tuned throughout 2015 for opportunities to join the conversation.



NATIONAL ENDOWMENT FOR  
FINANCIAL EDUCATION

# NEFE Board Welcomes New Leadership and Two New Members

**T**wo new members join NEFE's Board of Trustees: Helen Norris, vice president and chief information officer at Chapman University, Orange, Calif., and Colleen A. Walker, chief executive officer of the Perot Museum of Nature and Science in Dallas. Each will serve an initial three-year term on the 14-member board.



Karen Vahouny

The board also welcomes a new chair for 2014, Karen Vahouny, communications consultant and adjunct professor at both George Washington University and Marymount University in the Washington, D.C. area. Michael Bedke, partner at the DLA Piper law firm, Tampa, Fla., is vice chair. Bedke is recognized nationally as a

leader in the area of sustainability and the “triple bottom line,” and has received numerous recognitions for his pro bono and volunteer work.

In January the two new board members and newly appointed chair attended a day-long orientation at NEFE's headquarters in downtown Denver where they met NEFE staff and shared stories of how personal finance has affected their lives.



Helen Norris

Vahouny, Norris and Walker not only divulged their Spendster bad spending habits (lattes, cowboy boots and specialty vitamins); they discussed what attracted them to NEFE.

Norris found her passion for financial education through her work in higher education.

“More students than you think are one flat tire away from dropping out of school. A flat tire may not seem like much, but it can be the difference between dropping out or continuing to pursue an education,” says Norris.

Norris says she has noticed a shift over the past 15 years from students primarily receiving free aid such as grants, to

more students taking on large amounts of debt to fund their education. Norris believes today's students — especially first generation and low-income — face complex challenges that prior generations did not.



Colleen A. Walker

Walker first became aware of the critical need for financial literacy through witnessing her family's financial instability as a child. That prompted her and her husband to make a conscious decision early in their marriage to set a budget and plan for

retirement. She says investing in their future was the best decision she and her husband made as a young couple.

As someone who learned through experience, Walker strongly promotes accessible formal financial education for children, enabling them to practice sound money management as adults.

Both Norris and Walker also expressed a strong desire to encourage women to enter the science, technology, engineering and math (STEM) fields. As women who pursued their education and careers in IT and STEM and experienced pushback along the way, they believe in empowering women to pursue any subject matter.

Vahouny says that after years of working in the corporate world, she is determined to give back. Her goal is to spend one-third of her time and expertise on professional boards, pro bono communications work, and charitable initiatives. Vahouny says she looks forward to what this coming year has in store for NEFE programs and initiatives. “Our board wants to keep setting the bar higher, especially as we more actively integrate the perspectives of young people and increase our support to underserved communities.

I believe that 2015 will be a great year for NEFE,” says Vahouny.

“The expertise of our new trustees are a great complement to the other highly accomplished professionals that make up the leadership of our board,” says Ted Beck, president and CEO of NEFE. “We are fortunate to have such dedicated trustees to help us further our mission of inspiring educated financial decision making for all Americans.”

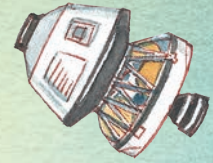


## HOLIDAY CLOSINGS

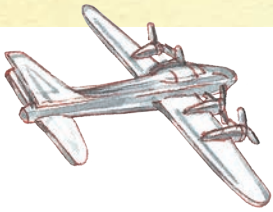
NEFE will be closed April 3 for Good Friday and May 25 for Memorial Day.

# Leaps of Imagination

## The Evolving Meaning of Money



In the 19th century, newly minted Americans were hungry to expand their borders. Whole towns sprung up overnight as pioneers packed their belongings and headed west. In order to build their homes and businesses, settlers needed to quickly buy and sell goods, but there was no clear-cut method for conducting those transactions.



Precious metals such as gold and silver, called “hard currency” or specie, had been the chosen currency of Western civilization for centuries.

The problem was, until the discovery of gold in the United States in the 1840s, there just wasn’t enough hard currency to keep up with booming expansion. In lieu of specie, institutions ranging from banks to factories and canals to railroads issued their own paper certificates as stand-ins. Because it was backed by real money, this “soft currency” was considered “as good as gold.”

It took a leap of imagination to accept that a piece of paper with no inherent value suddenly could stand in for precious metals, but America’s budding entrepreneurs and homesteaders weren’t interested in formalities. They had a nation to build, and that required access to fast cash.

Hundreds of separate banks and other institutions issued their own paper money at the same time—each in different colors and different styles—making regulation a monumental challenge. Ironically, it wasn’t until the Southern states seceded from the Union that the U.S. declared a common national currency, a necessary step to fund the impending Civil War. For the first time, Americans from Philadelphia to the edge of the frontier carried the same money.

Americans in the first 50 years of the 21st century are poised to experience another big shift, this time toward a world where financial transactions are conducted without any contact at all, where purchases are made with an eye scan or a measure of the pulse. The only place Americans in 2050 likely will see paper money is in a museum.

Everything — from their homes and cars to the roads they drive on and the clothes on their backs — will be connected to a network. Today’s kindergartners likely never will possess a

plastic credit card; their entire financial lives will exist exclusively in digital form.

How will Americans view their spending differently when every purchase they ever make is tracked and recorded on a wearable? How will they view money when they never hold it in their hands, when it exists purely as digital currency in their e-wallets?

Just as it took a leap of imagination to accept paper bills in lieu of gold or silver, new ways to manage and understand money in the future will require a shift in perspective.

But even as technology continues to evolve, the competencies for successful financial decision making likely will remain constant. Regardless of whether you hand over a dollar

*“In a very real sense, our early economy was built on thin air, on promises to pay, on optimism, on lack of viable alternatives and by sheer will. And the miracle is that the whole thing worked.”*

*— R.G. Doty, Former senior curator of numismatics, Smithsonian Institution*

bill, write a check, swipe a plastic card or flash a biometric wearable, you will make better financial decisions if you have a propensity to plan and possess basic numeracy skills. You will save more and spend less if you understand the value of delayed gratification.

The way we talk about and interact with money undoubtedly will evolve in the decades to come. Rapidly changing technology means financial education of the future will not look the same as it has in the past. The question is: Will it be more effective — or just different?



~ 1800 ~

~ 1850 ~

~ 1900 ~

~ 1950 ~

~ 2000 ~

~ 2050 ~



**1800s:** You make large financial transactions with hard currency (gold, silver).

**1800s:** You barter with neighbors for most goods and services.

**1817:** You can put savings in a bank.

**1817:** You can buy stock.

**1844:** You can send a telegraph message.

**1870s:** You can talk to people on the phone (if you can find one and they can too.)

**1864:** You can use the same currency anywhere in the U.S.

**1910s:** You get your news from the radio.

**1914:** You can pay with a check.

**1927:** You can buy a vacuum cleaner on credit (and still be respectable).

**1933:** Your house payment will never change.

**1935:** The government will pay you when you're old.

**1950s:** You get your news from TV.

**1960s:** With revolving credit, you decide how much of your debt to pay every month.

**1970s:** You can fax pages across the country (slowly).

**1990s:** You can pay your mortgage with electronic bill pay.

**2000s:** You can track your money online.

**2010s:** You don't expect much Social Security when you retire.

**2010s:** You barely remember how to write a check.

**2010s:** You work mostly is done through online video conferencing.

**2020s:** You take a vacation to a space hotel.

**2030s:** You work in a "farmscraper" (a sustainable skyscraper) with a garden on the roof that generates its own energy and reuses rainwater.

**2040s:** Your boss shows up to your morning meeting via hologram technology.

**2050s:** You communicate over distances via a wearable that charges itself through a wireless network.

**2060s:** Your house, furniture and the street you live on are connected through a computer network.

**2070s:** Your packages are delivered by drones.

**2080s:** You make purchases through a wearable that validates your identity through voice recognition or an eye scan.

**2090s:** Retailers store your preferences and recommend purchases based on a unique pulse from your wearable.

**2100s:** You pay for goods using digital currency. The only place you see hard currency is in a museum.

**2110s:** You make virtual visits to friends on other continents.

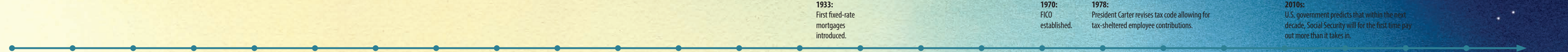
**2120s:** Your evening walk is illuminated by glowing trees that operate on binary power.

**2130s:** You track spending and manage your finances through a wearable.

**2140s:** Your end-of-life plan includes uploading the contents of your brain to a computer.

**2150s:** Eco-factories aim to outgreen each other by producing the least amount of environmental and packaging waste.

**2160s:** You meet people from around the world in a non-land-based virtual country that has its own digital currency.



**1800s:** You keep in touch through letters.

**1817:** New York Stock Exchange founded.

**1819:** You can put savings in a bank.

**1844:** You can send a telegraph message.

**1864:** You can use the same currency anywhere in the U.S.

**1870s:** You can talk to people on the phone (if you can find one and they can too.)

**1910s:** You get your news from the radio.

**1914:** You can pay with a check.

**1927:** Economist E.R.A. Seligman coins the term "consumer credit." Using credit no longer carries a stigma.

**1927:** You can buy a vacuum cleaner on credit (and still be respectable).

**1933:** First fixed-rate mortgages introduced.

**1935:** President Roosevelt signs the Social Security Act.

**1950s:** You get your news from TV.

**1960s:** You use a typewriter at work.

**1965:** You can get a government-backed loan to go to college.

**1970s:** You can charge dinner on a credit card.

**1970s:** You can charge anything on a credit card.

**1970s:** You can get cash from an ATM.

**1970s:** You can save for retirement through tax-sheltered work contributions.

**1970s:** Your creditworthiness is represented by a number.

**1970s:** You can buy lots of stocks at the same time.

**1970s:** You can fax pages across the country (slowly).

**1970s:** FICO established.

**1978:** President Carter revises tax code allowing for tax-sheltered employee contributions.

**1980s:** Your house payment can go up and down (mostly up).

**1980s:** Your kids can play games on a computer.

**1980s:** First indexed mutual funds and money market mutual funds.

**1980s:** First adjustable-rate mortgages.

**1990s:** You can spend more than you have in your checking account (for an overdraft fee).

**1990s:** You do your work on a laptop computer.

**2000s:** Your work mostly is done through email.

**2000s:** You can bank using your phone.

**2000s:** You can track your money online.

**2009:** Sixty-three percent of workers with an employee retirement plan have only a defined contribution plan.

**2009:** You may not have a pension anymore.

**2010s:** You barely remember how to write a check.

**2010s:** You don't expect much Social Security when you retire.

**2010s:** You work mostly is done through online video conferencing.

**2020s:** You take a vacation to a space hotel.

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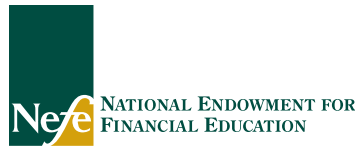
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# Brent Neiser Elected to the National Academy of Social Insurance



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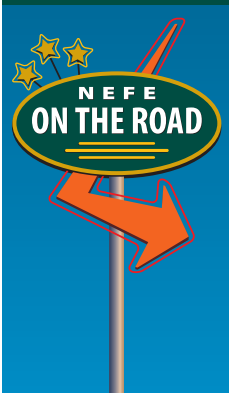
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Brent Neiser, CFP®, senior director of strategic programs and alliances at NEFE, has been elected to the National Academy of Social Insurance (NASI). Academy members are recognized experts in Social Security, Medicare and health coverage, workers' compensation, unemployment insurance and related social assistance, and private employee benefits.

NASI is a nonprofit, nonpartisan organization that promotes understanding and informed policymaking on social insurance and related programs through research, public education, training and the open exchange of ideas.

See more at [www.nasi.org](http://www.nasi.org).

Stop by our booth or look for us at the following conferences:



President's Advisory Council on Financial Capability for Young Americans . . . . .	Mar. 3	Washington, D.C.	National Association of Broadcasters Show . . . . .	Apr. 11-16	Las Vegas
California Council for Student Studies . . .	Mar. 6-8	Oakland, Calif.	Western Association of Student Financial Aid Administrators (WASFAA) . . . . .	Apr. 12-14	San Diego
Radio Television Digital News Association (RTDNA) First Amendment Awards . . . . .	Mar. 11	Washington, D.C.	American Savings Education Council Partners Meeting . . . . .	Apr. 15	Washington, D.C.
Consumer Federation of America Consumer Assembly . . . . .	Mar. 12-13	Washington, D.C.	National Council for Teachers of Mathematics (NCTM) . . . . .	Apr. 15-18	Boston
National Center for Family Literacy . . . . .	Mar. 15-18	Houston	American Association of Community Colleges (AACC) Annual Conference . . . . .	Apr. 18-21	San Antonio
U.S. Government Accountability Office Forum on Financial Literacy . . . . .	Mar. 17	Washington, D.C.	Commission on Adult Basic Education . . . . .	Apr. 21-24	Denver
Student Affairs Administrators in Higher Education (NASPA) . . . . .	Mar. 22-24	New Orleans	Jump\$tart National Meeting . . . . .	Apr. 22-23	Washington, D.C.
Habitat for Humanity Affiliate Conference .	Mar. 22-27	Atlanta	Society of American Business Editors and Writers (SABEW) Spring Conference . . . . .	Apr. 23-25	Chicago
Aging in America Conference (American Society on Aging) . . . . .	Mar. 24-27	Chicago	Financial Literacy Day on Capitol Hill . . . . .	Apr. 24	Washington, D.C.
New England Educational Opportunity Association . . . . .	Mar. 31-Apr. 2	Portsmouth, N.H.	Association for Equality and Excellence in Education (AEEE) . . . . .	May 3-6	Niagara Falls, N.Y.
National Business Education Association (NBEA) . . . . .	Mar. 31-Apr. 4	Chicago	Colorado Conference on Poverty . . . . .	May 12-14	Denver
Asset Funders Network Conference . . . . .	Apr. 7-9	Dallas	Eastern Association of Student Financial Aid Administrators (EASFAA) . . . . .	May 19-22	Newport, R.I.

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